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POWER AND WEAKNESS
ROBERT KAGAN

THE STATE OF THE SPECIAL RELATIONSHIP
ROBIN HARRIS

THE FUTURE OF "HISTORY"
STANLEY KURTZ

TAXES, DIVIDENDS, AND DISTORTIONS
STEVE STEIN

ALSO: ESSAYS AND REVIEWS BY
CHESTER E. FINN JR., VICTORINO MATUS,
AND ARNOLD BEICHMAN

JUN 12 2002

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Policy Review

June & July 2002, No. 113

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Power and Weakness

By ROBERT KAGAN

IT IS TIME to stop pretending that Europeans and Americans share a common view of the world, or even that they occupy the same world. On the all-important question of power — the efficacy of power, the morality of power, the desirability of power — American and European perspectives are diverging. Europe is turning away from power, or to put it a little differently, it is moving beyond power into a self-contained world of laws and rules and transnational negotiation and cooperation. It is entering a post-historical paradise of peace and relative prosperity, the realization of Kant's "Perpetual Peace." The United States, meanwhile, remains mired in history, exercising power in the anarchic Hobbesian world where international laws and rules are unreliable and where true security and the defense and promotion of a liberal order still depend on the possession and use of military might. That is why on major strategic and international questions today, Americans are from Mars and Europeans are from Venus: They agree on little and understand one another less and less. And this state of affairs is not transitory — the product of one American election or one catastrophic event. The reasons for

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the transatlantic divide are deep, long in development, and likely to endure. When it comes to setting national priorities, determining threats, defining challenges, and fashioning and implementing foreign and defense policies, the United States and Europe have parted ways.

It is easier to see the contrast as an American living in Europe. Europeans are more conscious of the growing differences, perhaps because they fear them more. European intellectuals are nearly unanimous in the conviction that Americans and Europeans no longer share a common "strategic culture." The European caricature at its most extreme depicts an America dominated by a "culture of death," its warlike temperament the natural product of a violent society where every man has a gun and the death penalty reigns. But even those who do not make this crude link agree there are profound differences in the way the United States and Europe conduct foreign policy.

The United States, they argue, resorts to force more quickly and, compared with Europe, is less patient with diplomacy. Americans generally see the world divided between good and evil, between friends and enemies, while Europeans see a more complex picture. When confronting real or potential adversaries, Americans generally favor policies of coercion rather than persuasion, emphasizing punitive sanctions over inducements to better behavior, the stick over the carrot. Americans tend to seek finality in international affairs: They want problems solved, threats eliminated. And, of course, Americans increasingly tend toward unilateralism in international affairs. They are less inclined to act through international institutions such as the United Nations, less inclined to work cooperatively with other nations to pursue common goals, more skeptical about international law, and more willing to operate outside its strictures when they deem it necessary, or even merely useful.[1]

Europeans insist they approach problems with greater nuance and sophistication. They try to influence others through subtlety and indirection. They are more tolerant of failure, more patient when solutions don't come quickly. They generally favor peaceful responses to problems, preferring negotiation, diplomacy, and persuasion to coercion. They are quicker to appeal to international law, international conventions, and international opinion to adjudicate disputes. They try to use commercial and economic ties to bind nations together. They often emphasize process over result, believing that ultimately process can become substance.

This European dual portrait is a caricature, of course, with its share of exaggerations and oversimplifications. One cannot generalize about Europeans: Britons may have a more "American" view of power than many

[1]One representative French observer describes "a U.S. mindset" that "tends to emphasize military, technical and unilateral solutions to international problems, possibly at the expense of co-operative and political ones." See Gilles Andreani, "The Disarray of U.S. Non-Proliferation Policy," *Survival* (Winter 1999-2000).

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of their fellow Europeans on the continent. And there are differing perspectives within nations on both sides of the Atlantic. In the U.S., Democrats often seem more "European" than Republicans; Secretary of State Colin Powell may appear more "European" than Secretary of Defense Donald Rumsfeld. Many Americans, especially among the intellectual elite, are as uncomfortable with the "hard" quality of American foreign policy as any European; and some Europeans value power as much as any American.

Nevertheless, the caricatures do capture an essential truth: The United States and Europe are fundamentally different today. Powell and Rumsfeld have more in common than do Powell and Hubert Védrine or even Jack Straw. When it comes to the use of force, mainstream American Democrats have more in common with Republicans than they do with most European Socialists and Social Democrats. During the 1990s even American liberals were more willing to resort to force and were more Manichean in their perception of the world than most of their European counterparts. The Clinton administration bombed Iraq, as well as Afghanistan and Sudan. European governments, it is safe to say, would not have done so. Whether they would have bombed even Belgrade in 1999, had the U.S. not forced their hand, is an interesting question.[2]

What is the source of these differing strategic perspectives? The question has received too little attention in recent years, either because foreign policy intellectuals and policymakers on both sides of the Atlantic have denied the existence of a genuine difference or because those who have pointed to the difference, especially in Europe, have been more interested in assailing the United States than in understanding why the United States acts as it does — or, for that matter, why Europe acts as it does. It is past time to move beyond the denial and the insults and to face the problem head-on.

Despite what many Europeans and some Americans believe, these differences in strategic culture do not spring naturally from the national characters of Americans and Europeans. After all, what Europeans now consider their more peaceful strategic culture is, historically speaking, quite new. It represents an evolution away from the very different strategic culture that dominated Europe for hundreds of years and at least until World War I. The European governments — and peoples — who enthusiastically launched themselves into that continental war believed in *machtpolitik*. While the roots of the present European worldview, like the roots of the European Union itself, can be traced back to the Enlightenment, Europe's great-power

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[2]The case of Bosnia in the early 1990s stands out as an instance where some Europeans, chiefly British Prime Minister Tony Blair, were at times more forceful in advocating military action than first the Bush and then the Clinton administration. (Blair was also an early advocate of using air power and even ground troops in the Kosovo crisis.) And Europeans had forces on the ground in Bosnia when the United States did not, although in a UN peacekeeping role that proved ineffective when challenged.

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politics for the past 300 years did not follow the visionary designs of the philosophes and the physiocrats.

As for the United States, there is nothing timeless about the present heavy reliance on force as a tool of international relations, nor about the tilt toward unilateralism and away from a devotion to international law. Americans are children of the Enlightenment, too, and in the early years of the republic were more faithful apostles of its creed. America's eighteenth- and early nineteenth-century statesmen sounded much like the European statesmen of today, extolling the virtues of commerce as the soothing balm of international strife and appealing to international law and international opinion over brute force. The young United States wielded power against weaker peoples on the North American continent, but when it came to dealing with the European giants, it claimed to abjure power and assailed as atavistic the power politics of the eighteenth- and nineteenth-century European empires.

Two centuries later, Americans and Europeans have traded places — and perspectives. Partly this is because in those 200 years, but especially in recent decades, the power equation has shifted dramatically: When the United States was weak, it practiced the strategies of indirection, the strategies of weakness; now that the United States is powerful, it behaves as powerful nations do. When the European great powers were strong, they believed in strength and martial glory. Now, they see the world through the eyes of weaker powers. These very different points of view, weak versus strong, have naturally produced differing strategic judgments, differing assessments of threats and of the proper means of addressing threats, and even differing calculations of interest.

But this is only part of the answer. For along with these natural consequences of the transatlantic power gap, there has also opened a broad ideological gap. Europe, because of its unique historical experience of the past half-century — culminating in the past decade with the creation of the European Union — has developed a set of ideals and principles regarding the utility and morality of power different from the ideals and principles of Americans, who have not shared that experience. If the strategic chasm between the United States and Europe appears greater than ever today, and grows still wider at a worrying pace, it is because these material and ideological differences reinforce one another. The divisive trend they together produce may be impossible to reverse.

The power gap: perception and reality

EUROPE HAS BEEN militarily weak for a long time, but until fairly recently its weakness had been obscured. World War II all but destroyed European nations as global powers, and their postwar inability to project sufficient force overseas to maintain colonial empires in

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Asia, Africa, and the Middle East forced them to retreat on a massive scale after more than five centuries of imperial dominance — perhaps the most significant retrenchment of global influence in human history. For a half-century after World War II, however, this weakness was masked by the unique geopolitical circumstances of the Cold War. Dwarfed by the two superpowers on its flanks, a weakened Europe nevertheless served as the central strategic theater of the worldwide struggle between communism and democratic capitalism. Its sole but vital strategic mission was to defend its own territory against any Soviet offensive, at least until the Americans arrived. Although shorn of most traditional measures of great-power status, Europe remained the geopolitical pivot, and this, along with lingering habits of world leadership, allowed Europeans to retain international influence well beyond what their sheer military capabilities might have afforded.

Europe lost this strategic centrality after the Cold War ended, but it took a few more years for the lingering mirage of European global power to fade. During the 1990s, war in the Balkans kept both Europeans and Americans focused on the strategic importance of the continent and on the continuing relevance of NATO. The enlargement of NATO to include former Warsaw Pact nations and the consolidation of the Cold War victory kept Europe in the forefront of the strategic discussion.

Then there was the early promise of the "new Europe." By bonding together into a single political and economic unit — the historic accomplishment of the Maastricht treaty in 1992 — many hoped to recapture Europe's old greatness but in a new political form. "Europe" would be the next superpower, not only economically and politically, but also militarily. It would handle crises on the European continent, such as the ethnic conflicts in the Balkans, and it would reemerge as a global player. In the 1990s Europeans could confidently assert that the power of a unified Europe would restore, finally, the global "multipolarity" that had been destroyed by the Cold War and its aftermath. And most Americans, with mixed emotions, agreed that superpower Europe was the future. Harvard University's Samuel P. Huntington predicted that the coalescing of the European Union would be "the single most important move" in a worldwide reaction against American hegemony and would produce a "truly multipolar" twenty-first century.[3]

But European pretensions and American apprehensions proved unfounded. The 1990s witnessed not the rise of a European superpower but the decline of Europe into relative weakness. The Balkan conflict at the beginning of the decade revealed European military incapacity and political disarray; the Kosovo conflict at decade's end exposed a transatlantic gap in military technology and the ability to wage modern warfare that would only widen in subsequent years. Outside of Europe, the disparity by the close of the 1990s was even more starkly apparent as it became clear that the ability

[3]Samuel P. Huntington, "The Lonely Superpower," *Foreign Affairs* (March-April 1999).

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of European powers, individually or collectively, to project decisive force into regions of conflict beyond the continent was negligible. Europeans could provide peacekeeping forces in the Balkans — indeed, they could and eventually did provide the vast bulk of those forces in Bosnia and Kosovo. But they lacked the wherewithal to introduce and sustain a fighting force in potentially hostile territory, even in Europe. Under the best of circumstances, the European role was limited to filling out peacekeeping forces after the United States had, largely on its own, carried out the decisive phases of a military mission and stabilized the situation. As some Europeans put it, the real division of labor consisted of the United States "making the dinner" and the Europeans "doing the dishes."

The division of labor consisted of the United States "making the dinner" and the Europeans "doing the dishes."

This inadequacy should have come as no surprise, since these were the limitations that had forced Europe to retract its global influence in the first place. Those Americans and Europeans who proposed that Europe expand its strategic role beyond the continent set an unreasonable goal. During the Cold War, Europe's strategic role had been to defend itself. It was unrealistic to expect a return to international great-power status, unless European peoples were willing to shift significant resources from social programs to military programs.

Clearly they were not. Not only were Europeans unwilling to pay to project force beyond Europe. After the Cold War, they would not pay for sufficient force to conduct even minor military actions on the continent without American help. Nor did it seem to matter whether European publics were being asked to spend money to strengthen NATO or an independent European foreign and defense policy. Their answer was the same. Rather than viewing the collapse of the Soviet Union as an opportunity to flex global muscles, Europeans took it as an opportunity to cash in on a sizable peace dividend. Average European defense budgets gradually fell below 2 percent of GDP. Despite talk of establishing Europe as a global superpower, therefore, European military capabilities steadily fell behind those of the United States throughout the 1990s.

The end of the Cold War had a very different effect on the other side of the Atlantic. For although Americans looked for a peace dividend, too, and defense budgets declined or remained flat during most of the 1990s, defense spending still remained above 3 percent of GDP. Fast on the heels of the Soviet empire's demise came Iraq's invasion of Kuwait and the largest American military action in a quarter-century. Thereafter American administrations cut the Cold War force, but not as dramatically as might have been expected. By historical standards, America's military power and particularly its ability to project that power to all corners of

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the globe remained unprecedented.

Meanwhile, the very fact of the Soviet empire's collapse vastly increased America's strength relative to the rest of the world. The sizable American military arsenal, once barely sufficient to balance Soviet power, was now deployed in a world without a single formidable adversary. This "unipolar moment" had an entirely natural and predictable consequence: It made the United States more willing to use force abroad. With the check of Soviet power removed, the United States was free to intervene practically wherever and whenever it chose — a fact reflected in the proliferation of overseas military interventions that began during the first Bush administration with the invasion of Panama in 1989, the Persian Gulf War in 1991, and the humanitarian intervention in Somalia in 1992, continuing during the Clinton years with interventions in Haiti, Bosnia, and Kosovo. While American politicians talked of pulling back from the world, the reality was an America intervening abroad more frequently than it had throughout most of the Cold War. Thanks to new technologies, the United States was also freer to use force around the world in more limited ways through air and missile strikes, which it did with increasing frequency.

American military predominance and Europe's relative weakness produced important and serious disagreements.

How could this growing transatlantic power gap fail to create a difference in strategic perceptions? Even during the Cold War, American military predominance and Europe's relative weakness had produced important and sometimes serious disagreements. Gaullism, *Ostpolitik*, and the various movements for European independence and unity were manifestations not only of a European desire for honor and freedom of action. They also reflected a European conviction that America's approach to the Cold War was too confrontational, too militaristic, and too dangerous. Europeans believed they knew better how to deal with the Soviets: through engagement and seduction, through commercial and political ties, through patience and forbearance. It was a legitimate view, shared by many Americans. But it also reflected Europe's weakness relative to the United States, the fewer military options at Europe's disposal, and its greater vulnerability to a powerful Soviet Union. It may have reflected, too, Europe's memory of continental war. Americans, when they were not themselves engaged in the subtleties of détente, viewed the European approach as a form of appeasement, a return to the fearful mentality of the 1930s. But appeasement is never a dirty word to those whose genuine weakness offers few appealing alternatives. For them, it is a policy of sophistication.

The end of the Cold War, by widening the power gap, exacerbated the disagreements. Although transatlantic tensions are now widely assumed to

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have begun with the inauguration of George W. Bush in January 2001, they were already evident during the Clinton administration and may even be traced back to the administration of George H.W. Bush. By 1992, mutual recriminations were rife over Bosnia, where the United States refused to act and Europe could not act. It was during the Clinton years that Europeans began complaining about being lectured by the "hectoring hegemon." This was also the period in which Védrine coined the term *hyperpuissance* to describe an American behemoth too worryingly powerful to be designated merely a superpower. (Perhaps he was responding to then-Secretary of State Madeleine Albright's insistence that the United States was the world's "indispensable nation.") It was also during the 1990s that the transatlantic disagreement over American plans for missile defense emerged and many Europeans began grumbling about the American propensity to choose force and punishment over diplomacy and persuasion.

The Clinton administration, meanwhile, though relatively timid and restrained itself, grew angry and impatient with European timidity, especially the unwillingness to confront Saddam Hussein. The split in the alliance over Iraq didn't begin with the 2000 election but in 1997, when the Clinton administration tried to increase the pressure on Baghdad and found itself at odds with France and (to a lesser extent) Great Britain in the United Nations Security Council. Even the war in Kosovo was marked by nervousness among some allies — especially Italy, Greece, and Germany — that the United States was too uncompromisingly militaristic in its approach. And while Europeans and Americans ultimately stood together in the confrontation with Belgrade, the Kosovo war produced in Europe less satisfaction at the successful prosecution of the war than unease at America's apparent omnipotence. That apprehension would only increase in the wake of American military action after September 11, 2001.

The psychology of power and weakness

TODAY'S TRANSATLANTIC problem, in short, is not a George Bush problem. It is a power problem. American military strength has produced a propensity to use that strength. Europe's military weakness has produced a perfectly understandable aversion to the exercise of military power. Indeed, it has produced a powerful European interest in inhabiting a world where strength doesn't matter, where international law and international institutions predominate, where unilateral action by powerful nations is forbidden, where all nations regardless of their strength have equal rights and are equally protected by commonly agreed-upon international rules of behavior. Europeans have a deep interest in devaluing and eventually eradicating the brutal laws of an anarchic, Hobbesian world where power is the ultimate determinant of national security and success.

This is no reproach. It is what weaker powers have wanted from time

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immemorial. It was what Americans wanted in the eighteenth and early nineteenth centuries, when the brutality of a European system of power politics run by the global giants of France, Britain, and Russia left Americans constantly vulnerable to imperial thrashing. It was what the other small powers of Europe wanted in those years, too, only to be sneered at by Bourbon kings and other powerful monarchs, who spoke instead of *raison d'état*. The great proponent of international law on the high seas in the eighteenth century was the United States; the great opponent was Britain's navy, the "Mistress of the Seas." In an anarchic world, small powers always fear they will be victims. Great powers, on the other hand, often fear rules that may constrain them more than they fear the anarchy in which their power brings security and prosperity.

This natural and historic disagreement between the stronger and the weaker manifests itself in today's transatlantic dispute over the question of unilateralism. Europeans generally believe their objection to American unilateralism is proof of their greater commitment to certain ideals concerning world order. They are less willing to acknowledge that their hostility to unilateralism is also self-interested. Europeans fear American unilateralism. They fear it perpetuates a Hobbesian world in which they may become increasingly vulnerable. The United States may be a relatively benign hegemon, but insofar as its actions delay the arrival of a world order more conducive to the safety of weaker powers, it is objectively dangerous.

This is one reason why in recent years a principal objective of European foreign policy has become, as one European observer puts it, the "multilateralising" of the United States.[4] It is not that Europeans are teaming up against the American hegemon, as Huntington and many realist theorists would have it, by creating a countervailing power. After all, Europeans are not increasing their power. Their tactics, like their goal, are the tactics of the weak. They hope to constrain American power without wielding power themselves. In what may be the ultimate feat of subtlety and indirection, they want to control the behemoth by appealing to its conscience.

It is a sound strategy, as far as it goes. The United States *is* a behemoth with a conscience. It is not Louis XIV's France or George III's England. Americans do not argue, even to themselves, that their actions may be justified by *raison d'état*. Americans have never accepted the principles of Europe's old order, never embraced the Machiavellian perspective. The United States is a liberal, progressive society through and through, and to the extent that Americans believe in power, they believe it must be a means of advancing the principles of a liberal civilization and a liberal world order. Americans even share Europe's aspirations for a more orderly world system

[4]Steven Everts, "Unilateral America, Lightweight Europe?: Managing Divergence in Transatlantic Foreign Policy," Centre for European Reform working paper (February 2001).

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based not on power but on rules — after all, they were striving for such a world when Europeans were still extolling the laws of *machtpolitik*.

But while these common ideals and aspirations shape foreign policies on both sides of the Atlantic, they cannot completely negate the very different perspectives from which Europeans and Americans view the world and the role of power in international affairs. Europeans oppose unilateralism in part because they have no capacity for unilateralism. Polls consistently show that Americans support multilateral action in principle — they even support acting under the rubric of the United Nations — but the fact remains that the United States can act unilaterally, and has done so many times with reasonable success. For Europeans, the appeal to multilateralism and international law has a real practical payoff and little cost. For Americans, who stand to lose at least some freedom of action, support for universal rules of behavior really is a matter of idealism.

Even when Americans and Europeans can agree on the kind of world order they would strive to build, however, they increasingly disagree about what constitutes a threat to that international endeavor. Indeed, Europeans and Americans differ most these days in their evaluation of what constitutes a tolerable versus an intolerable threat. This, too, is consistent with the disparity of power.

Europeans often argue that Americans have an unreasonable demand for "perfect" security, the product of living for centuries shielded behind two oceans.[5] Europeans claim they know what it is like to live with danger, to exist side-by-side with evil, since they've done it for centuries. Hence their greater tolerance for such threats as may be posed by Saddam Hussein's Iraq or the ayatollahs' Iran. Americans, they claim, make far too much of the dangers these regimes pose.

Even before September 11, this argument rang a bit hollow. The United States in its formative decades lived in a state of substantial insecurity, surrounded by hostile European empires, at constant risk of being torn apart by centrifugal forces that were encouraged by threats from without: National insecurity formed the core of Washington's Farewell Address. As for the Europeans' supposed tolerance for insecurity and evil, it can be overstated. For the better part of three centuries, European Catholics and Protestants more often preferred to kill than to tolerate each other; nor have the past two centuries shown all that much mutual tolerance between Frenchmen and Germans.

Some Europeans argue that precisely because Europe has suffered so much, it has a higher tolerance for suffering than America and therefore a higher tolerance for threats. More likely the opposite is true. The memory of their horrendous suffering in World War I made the British and French publics more fearful of Nazi Germany, not more tolerant, and this attitude

[5]For that matter, this is also the view commonly found in American textbooks.

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contributed significantly to the appeasement of the 1930s.

A better explanation of Europe's greater tolerance for threats is, once again, Europe's relative weakness. Tolerance is also very much a realistic response in that Europe, precisely because it is weak, actually faces fewer threats than the far more powerful United States.

The psychology of weakness is easy enough to understand. A man armed only with a knife may decide that a bear prowling the forest is a tolerable danger, inasmuch as the alternative — hunting the bear armed only with a knife — is actually riskier than lying low and hoping the bear never attacks. The same man armed with a rifle, however, will likely make a different calculation of what constitutes a tolerable risk. Why should he risk being mauled to death if he doesn't need to?

This perfectly normal human psychology is helping to drive a wedge between the United States and Europe today. Europeans have concluded, reasonably enough, that the threat posed by Saddam Hussein is more tolerable for them than the risk of removing him. But Americans, being stronger, have reasonably enough developed a lower threshold of tolerance for Saddam and his weapons of mass destruction, especially after September 11. Europeans like to say that Americans are obsessed with fixing problems, but it is generally true that those with a greater capacity to fix problems are more likely to try to fix them than those who have no such capability. Americans can imagine successfully invading Iraq and toppling Saddam, and therefore more than 70 percent of Americans apparently favor such action. Europeans, not surprisingly, find the prospect both unimaginable and frightening.

The incapacity to respond to threats leads not only to tolerance but sometimes to denial.

The incapacity to respond to threats leads not only to tolerance but sometimes to denial. It's normal to try to put out of one's mind that which one can do nothing about. According to one student of European opinion, even the very focus on "threats" differentiates American policymakers from their European counterparts. Americans, writes Steven Everts, talk about foreign "threats" such as "the proliferation of weapons of mass destruction, terrorism, and 'rogue states.'" But Europeans look at "challenges," such as "ethnic conflict, migration, organized crime, poverty and environmental degradation." As Everts notes, however, the key difference is less a matter of culture and philosophy than of capability. Europeans "are most worried about issues . . . that have a greater chance of being solved by political engagement and huge sums of money." In other words, Europeans focus on issues — "challenges" — where European strengths come into play but not on those "threats" where European weakness makes solutions elusive. If Europe's strategic culture today places less value on power and military strength and more value on such soft-power tools as economics and trade, isn't it partly

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because Europe is militarily weak and economically strong? Americans are quicker to acknowledge the existence of threats, even to perceive them where others may not see any, because they can conceive of doing something to meet those threats.

The differing threat perceptions in the United States and Europe are not just matters of psychology, however. They are also grounded in a practical reality that is another product of the disparity of power. For Iraq and other "rogue" states objectively do *not* pose the same level of threat to Europeans as they do to the United States. There is, first of all, the American security guarantee that Europeans enjoy and have enjoyed for six decades, ever since the United States took upon itself the burden of maintaining order in far-flung regions of the world — from the Korean Peninsula to the Persian Gulf — from which European power had largely withdrawn. Europeans generally believe, whether or not they admit it to themselves, that were Iraq ever to emerge as a real and present danger, as opposed to merely a potential danger, then the United States would do something about it — as it did in 1991. If during the Cold War Europe by necessity made a major contribution to its own defense, today Europeans enjoy an unparalleled measure of "free security" because most of the likely threats are in regions outside Europe, where only the United States can project effective force. In a very practical sense — that is, when it comes to actual strategic planning — neither Iraq nor Iran nor North Korea nor any other "rogue" state in the world is primarily a European problem. Nor, certainly, is China. Both Europeans and Americans agree that these are primarily American problems.

This is why Saddam Hussein is not as great a threat to Europe as he is to the United States. He would be a greater threat to the United States even were the Americans and Europeans in complete agreement on Iraq policy, because it is the logical consequence of the transatlantic disparity of power. The task of containing Saddam Hussein belongs primarily to the United States, not to Europe, and everyone agrees on this[6] — including Saddam, which is why he considers the United States, not Europe, his principal adversary. In the Persian Gulf, in the Middle East, and in most other regions of the world (including Europe), the United States plays the role of ultimate enforcer. "You are so powerful," Europeans often say to Americans. "So why do you feel so threatened?" But it is precisely America's great power that makes it the primary target, and often the only target. Europeans are understandably content that it should remain so.

Americans are "cowboys," Europeans love to say. And there is truth in this. The United States does act as an international sheriff, self-appointed perhaps but widely welcomed nevertheless, trying to enforce some peace and justice in what Americans see as a lawless world where outlaws need to be deterred or destroyed, and often through the muzzle of a gun. Europe, by

[6]Notwithstanding the British contribution of patrols of the "no-fly zone."

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this old West analogy, is more like a saloonkeeper. Outlaws shoot sheriffs, not saloonkeepers. In fact, from the saloonkeeper's point of view, the sheriff trying to impose order by force can sometimes be more threatening than the outlaws who, at least for the time being, may just want a drink.

When Europeans took to the streets by the millions after September 11, most Americans believed it was out of a sense of shared danger and common interest: The Europeans knew they could be next. But Europeans by and large did not feel that way and still don't. Europeans do not really believe they are next. They may be secondary targets — because they are allied with the U.S. — but they are not the primary target, because they no longer play the imperial role in the Middle East that might have engendered the same antagonism against them as is aimed at the United States. When Europeans wept and waved American flags after September 11, it was out of genuine human sympathy, sorrow, and affection for Americans. For better or for worse, European displays of solidarity were a product more of fellow-feeling than self-interest.

The origins of modern European foreign policy

IMPORTANT AS THE power gap may be in shaping the respective strategic cultures of the United States and Europe, it is only one part of the story. Europe in the past half-century has developed a genuinely different perspective on the role of power in international relations, a perspective that springs directly from its unique historical experience since the end of World War II. It is a perspective that Americans do not share and cannot share, inasmuch as the formative historical experiences on their side of the Atlantic have not been the same.

Consider again the qualities that make up the European strategic culture: the emphasis on negotiation, diplomacy, and commercial ties, on international law over the use of force, on seduction over coercion, on multilateralism over unilateralism. It is true that these are not traditionally European approaches to international relations when viewed from a long historical perspective. But they are a product of more recent European history. The modern European strategic culture represents a conscious rejection of the European past, a rejection of the evils of European *machtpolitik*. It is a reflection of Europeans' ardent and understandable desire never to return to that past. Who knows better than Europeans the dangers that arise from unbridled power politics, from an excessive reliance on military force, from policies produced by national egoism and ambition, even from balance of power and *raison d'état*? As German Foreign Minister Joschka Fischer put it in a speech outlining his vision of the European future at Humboldt University in Berlin (May 12, 2000), "The core of the concept of Europe

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after 1945 was and still is a rejection of the European balance-of-power principle and the hegemonic ambitions of individual states that had emerged following the Peace of Westphalia in 1648." The European Union is itself the product of an awful century of European warfare.

Of course, it was the "hegemonic ambitions" of one nation in particular that European integration was meant to contain. And it is the integration and taming of Germany that is the great accomplishment of Europe — viewed historically, perhaps the greatest feat of international politics ever achieved. Some Europeans recall, as Fischer does, the central role played by the United States in solving the "German problem." Fewer like to recall that the military destruction of Nazi Germany was the prerequisite for the European peace that followed. Most Europeans believe that it was the transformation of European politics, the deliberate abandonment and rejection of centuries of *machtpolitik,* that in the end made possible the "new order." The Europeans, who invented power politics, turned themselves into born-again idealists by an act of will, leaving behind them what Fischer called "the old system of balance with its continued national orientation, constraints of coalition, traditional interest-led politics and the permanent danger of nationalist ideologies and confrontations."

Within the confines of Europe, the age-old laws of international relations have been repealed.

Fischer stands near one end of the spectrum of European idealism. But this is not really a right-left issue in Europe. Fischer's principal contention — that Europe has moved beyond the old system of power politics and discovered a new system for preserving peace in international relations — is widely shared across Europe. As senior British diplomat Robert Cooper recently wrote in the *Observer* (April 7, 2002), Europe today lives in a "postmodern system" that does not rest on a balance of power but on "the rejection of force" and on "self-enforced rules of behavior." In the "postmodern world," writes Cooper, "*raison d'état* and the amorality of Machiavelli's theories of statecraft . . . have been replaced by a moral consciousness" in international affairs.

American realists might scoff at this idealism. George F. Kennan assumed only his naïve fellow Americans succumbed to such "Wilsonian" legalistic and moralistic fancies, not those war-tested, historically minded European Machiavels. But, really, why shouldn't Europeans be idealistic about international affairs, at least as they are conducted in Europe's "postmodern system"? Within the confines of Europe, the age-old laws of international relations have been repealed. Europeans have stepped out of the Hobbesian world of anarchy into the Kantian world of perpetual peace. European life during the more than five decades since the end of World War II has been shaped not by the brutal laws of power politics but by the unfolding of a

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geopolitical fantasy, a miracle of world-historical importance: The German lion has laid down with the French lamb. The conflict that ravaged Europe ever since the violent birth of Germany in the nineteenth century has been put to rest.

The means by which this miracle has been achieved have understandably acquired something of a sacred mystique for Europeans, especially since the end of the Cold War. Diplomacy, negotiations, patience, the forging of economic ties, political engagement, the use of inducements rather than sanctions, the taking of small steps and tempering ambitions for success — these were the tools of Franco-German rapprochement and hence the tools that made European integration possible. Integration was not to be based on military deterrence or the balance of power. Quite the contrary. The miracle came from the rejection of military power and of its utility as an instrument of international affairs — at least within the confines of Europe. During the Cold War, few Europeans doubted the need for military power to deter the Soviet Union. But within Europe the rules were different.

This is what many Europeans believe they have to offer the world: not power, but the transcendence of power.

Collective security was provided from without, meanwhile, by the deus ex machina of the United States operating through the military structures of NATO. Within this wall of security, Europeans pursued their new order, freed from the brutal laws and even the mentality of power politics. This evolution from the old to the new began in Europe during the Cold War. But the end of the Cold War, by removing even the external danger of the Soviet Union, allowed Europe's new order, and its new idealism, to blossom fully. Freed from the requirements of any military deterrence, internal or external, Europeans became still more confident that their way of settling international problems now had universal application.

"The genius of the founding fathers," European Commission President Romano Prodi commented in a speech at the Institute d'Etudes Politiques in Paris (May 29, 2001), "lay in translating extremely high political ambitions . . . into a series of more specific, almost technical decisions. This indirect approach made further action possible. Rapprochement took place gradually. From confrontation we moved to willingness to cooperate in the economic sphere and then on to integration." This is what many Europeans believe they have to offer the world: not power, but the transcendence of power. The "essence" of the European Union, writes Everts, is "all about subjecting inter-state relations to the rule of law," and Europe's experience of successful multilateral governance has in turn produced an ambition to convert the world. Europe "has a role to play in world 'governance,'" says Prodi, a role based on replicating the European experience on a global scale.

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In Europe "the rule of law has replaced the crude interplay of power . . . power politics have lost their influence." And by "making a success of integration we are demonstrating to the world that it is possible to create a method for peace."

No doubt there are Britons, Germans, French, and others who would frown on such exuberant idealism. But many Europeans, including many in positions of power, routinely apply Europe's experience to the rest of the world. For is not the general European critique of the American approach to "rogue" regimes based on this special European insight? Iraq, Iran, North Korea, Libya — these states may be dangerous and unpleasant, even evil. But might not an "indirect approach" work again, as it did in Europe? Might it not be possible once more to move from confrontation to rapprochement, beginning with cooperation in the economic sphere and then moving on to peaceful integration? Could not the formula that worked in Europe work again with Iran or even Iraq? A great many Europeans insist that it can.

The transmission of the European miracle to the rest of the world has become Europe's new *mission civilisatrice*. Just as Americans have always believed that they had discovered the secret to human happiness and wished to export it to the rest of the world, so the Europeans have a new mission born of their own discovery of perpetual peace.

Thus we arrive at what may be the most important reason for the divergence in views between Europe and the United States. America's power, and its willingness to exercise that power — unilaterally if necessary — represents a threat to Europe's new sense of mission. Perhaps the greatest threat. American policymakers find it hard to believe, but leading officials and politicians in Europe worry more about how the United States might handle or mishandle the problem of Iraq — by undertaking unilateral and extralegal military action — than they worry about Iraq itself and Saddam Hussein's weapons of mass destruction. And while it is true that they fear such action might destabilize the Middle East and lead to the unnecessary loss of life, there is a deeper concern.[7] Such American action represents an assault on the essence of "postmodern" Europe. It is an assault on Europe's new ideals, a denial of their universal validity, much as the monarchies of eighteenth- and nineteenth-century Europe were an assault on American republican ideals. Americans ought to be the first to understand that a threat to one's beliefs can be as frightening as a threat to one's physical security.

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[7]The common American argument that European policy toward Iraq and Iran is dictated by financial considerations is only partly right. Are Europeans greedier than Americans? Do American corporations not influence American policy in Asia and Latin America, as well as in the Middle East? The difference is that American strategic judgments sometimes conflict with and override financial interests. For the reasons suggested in this essay, that conflict is much less common for Europeans.

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As Americans have for two centuries, Europeans speak with great confidence of the superiority of their global understanding, the wisdom they have to offer other nations about conflict resolution, and their way of addressing international problems. But just as in the first decade of the American republic, there is a hint of insecurity in the European claim to "success," an evident need to have their success affirmed and their views accepted by other nations, particularly by the mighty United States. After all, to deny the validity of the new European idealism is to raise profound doubts about the viability of the European project. If international problems cannot, in fact, be settled the European way, wouldn't that suggest that Europe itself may eventually fall short of a solution, with all the horrors this implies?

And, of course, it is precisely this fear that still hangs over Europeans, even as Europe moves forward. Europeans, and particularly the French and Germans, are not entirely sure that the problem once known as the "German problem" really has been solved. As their various and often very different proposals for the future constitution of Europe suggest, the French are still not confident they can trust the Germans, and the Germans are still not sure they can trust themselves. This fear can at times hinder progress toward deeper integration, but it also propels the European project forward despite innumerable obstacles. The European project must succeed, for how else to overcome what Fischer, in his Humboldt University speech, called "the risks and temptations objectively inherent in Germany's dimensions and central situation"? Those historic German "temptations" play at the back of many a European mind. And every time Europe contemplates the use of military force, or is forced to do so by the United States, there is no avoiding at least momentary consideration of what effect such a military action might have on the "German question."

Europeans are not entirely sure that the problem once known as the "German problem" really has been solved.

Perhaps it is not just coincidence that the amazing progress toward European integration in recent years has been accompanied not by the emergence of a European superpower but, on the contrary, by a diminishing of European military capabilities relative to the United States. Turning Europe into a global superpower capable of balancing the power of the United States may have been one of the original selling points of the European Union — an independent European foreign and defense policy was supposed to be one of the most important byproducts of European integration. But, in truth, the ambition for European "power" is something of an anachronism. It is an atavistic impulse, inconsistent with the ideals of postmodern Europe, whose very existence depends on the rejection of power politics. Whatever its architects may have intended, European integration has proved to be the

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enemy of European military power and, indeed, of an important European global role.

This phenomenon has manifested itself not only in flat or declining European defense budgets, but in other ways, too, even in the realm of "soft" power. European leaders talk of Europe's essential role in the world. Prodi yearns "to make our voice heard, to make our actions count." And it is true that Europeans spend a great deal of money on foreign aid — more per capita, they like to point out, than does the United States. Europeans engage in overseas military missions, so long as the missions are mostly limited to peacekeeping. But while the EU periodically dips its fingers into troubled international waters in the Middle East or the Korean Peninsula, the truth is that EU foreign policy is probably the most anemic of all the products of European integration. As Charles Grant, a sympathetic observer of the EU, recently noted, few European leaders "are giving it much time or energy."[8] EU foreign policy initiatives tend to be short-lived and are rarely backed by sustained agreement on the part of the various European powers. That is one reason they are so easily rebuffed, as was the case in late March when Israeli Prime Minister Ariel Sharon blocked EU foreign policy chief Javier Solana from meeting with Yasser Arafat (only to turn around the next day and allow a much lower-ranking American negotiator to meet with the Palestinian leader).

It is obvious, moreover, that issues outside of Europe don't attract nearly as much interest among Europeans as purely European issues do. This has surprised and frustrated Americans on all sides of the political and strategic debate: Recall the profound disappointment of American liberals when Europeans failed to mount an effective protest against Bush's withdrawal from the ABM treaty. But given the enormous and difficult agenda of integration, this European tendency to look inward is understandable. EU enlargement, the revision of the common economic and agricultural policies, the question of national sovereignty versus supranational governance, the so-called democracy deficit, the jostling of the large European powers, the dissatisfaction of the smaller powers, the establishment of a new European constitution — all of these present serious and unavoidable challenges. The difficulties of moving forward might seem insuperable were it not for the progress the project of European integration has already demonstrated.

American policies that are unwelcome on substance — on a missile defense system and the ABM treaty, belligerence toward Iraq, support for Israel — are all the more unwelcome because for Europe, they are a distraction. Europeans often point to American insularity and parochialism. But Europeans themselves have turned intensely introspective. As Dominique Moisi noted in the *Financial Times* (March 11, 2002), the recent French

[8]Charles Grant, "A European View of ESDP," Centre for European Policy Studies working paper (April 2001).

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presidential campaign saw "no reference . . . to the events of September 11 and their far-reaching consequences." No one asked, "What should be the role of France and Europe in the new configuration of forces created after September 11? How should France reappraise its military budget and doctrine to take account of the need to maintain some kind of parity between Europe and the United States, or at least between France and the UK?" The Middle East conflict became an issue in the campaign because of France's large Arab and Muslim population, as the high vote for Le Pen demonstrated. But Le Pen is not a foreign policy hawk. And as Moisi noted, "for most French voters in 2002, security has little to do with abstract and distant geopolitics. Rather, it is a question of which politician can best protect them from the crime and violence plaguing the streets and suburbs of their cities."

Europe does not see a mission for itself that requires power. Its mission is to oppose power.

Can Europe change course and assume a larger role on the world stage? There has been no shortage of European leaders urging it to do so. Nor is the weakness of EU foreign policy today necessarily proof that it must be weak tomorrow, given the EU's record of overcoming weaknesses in other areas. And yet the political will to demand more power for Europe appears to be lacking, and for the very good reason that Europe does not see a mission for itself that requires power. Its mission is to oppose power. It is revealing that the argument most often advanced by Europeans for augmenting their military strength these days is not that it will allow Europe to expand its strategic purview. It is merely to rein in and "multilateralize" the United States. "America," writes the pro-American British scholar Timothy Garton Ash in the *New York Times* (April 9, 2002), "has too much power for anyone's good, including its own." Therefore Europe must amass power, but for no other reason than to save the world and the United States from the dangers inherent in the present lopsided situation.

Whether that particular mission is a worthy one or not, it seems unlikely to rouse European passions. Even Védrine has stopped talking about counterbalancing the United States. Now he shrugs and declares there "is no reason for the Europeans to match a country that can fight four wars at once." It was one thing for Europe in the 1990s to increase its collective expenditures on defense from $150 billion per year to $180 billion when the United States was spending $280 billion per year. But now the United States is heading toward spending as much as $500 billion per year, and Europe has not the slightest intention of keeping up. European analysts lament the continent's "strategic irrelevance." NATO Secretary General George Robertson has taken to calling Europe a "military pygmy" in an effort to shame Europeans into spending more and doing so more wisely. But who

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honestly believes Europeans will fundamentally change their way of doing business? They have many reasons not to.

The U.S. response

In thinking about the divergence of their own views and Europeans', Americans must not lose sight of the main point: The new Europe is indeed a blessed miracle and a reason for enormous celebration — on both sides of the Atlantic. For Europeans, it is the realization of a long and improbable dream: a continent free from nationalist strife and blood feuds, from military competition and arms races. War between the major European powers is almost unimaginable. After centuries of misery, not only for Europeans but also for those pulled into their conflicts — as Americans were twice in the past century — the new Europe really has emerged as a paradise. It is something to be cherished and guarded, not least by Americans, who have shed blood on Europe's soil and would shed more should the new Europe ever fail.

Nor should we forget that the Europe of today is very much the product of American foreign policy stretching back over six decades. European integration was an American project, too, after World War II. And so, recall, was European weakness. When the Cold War dawned, Americans such as Dean Acheson hoped to create in Europe a powerful partner against the Soviet Union. But that was not the only American vision of Europe underlying U.S. policies during the twentieth century. Predating it was Franklin Delano Roosevelt's vision of a Europe that had been rendered, in effect, strategically irrelevant. As the historian John Lamberton Harper has put it, he wanted "to bring about a radical reduction in the weight of Europe" and thereby make possible "the retirement of Europe from world politics."[9]

Americans who came of age during the Cold War have always thought of Europe almost exclusively in Achesonian terms — as the essential bulwark of freedom in the struggle against Soviet tyranny. But Americans of Roosevelt's era had a different view. In the late 1930s the common conviction of Americans was that "the European system was basically rotten, that war was endemic on that continent, and the Europeans had only themselves to blame for their plight."[10] By the early 1940s Europe appeared to be nothing more than the overheated incubator of world wars that cost

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[9]John Lamberton Harper, *American Visions of Europe: Franklin D. Roosevelt, George F. Kennan, and Dean G. Acheson* (Cambridge University Press, 1996), 3. The following discussion of the differing American perspectives on Europe owes much to Harper's fine book.

[10]William L. Langer and S. Everett Gleason, *The Challenge to Isolation, 1937-1940* (Harper Bros., 1952), 14.

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America dearly. During World War II Americans like Roosevelt, looking backward rather than forward, believed no greater service could be performed than to take Europe out of the global strategic picture once and for all. "After Germany is disarmed," FDR pointedly asked, "what is the reason for France having a big military establishment?" Charles DeGaulle found such questions "disquieting for Europe and for France." Even though the United States pursued Acheson's vision during the Cold War, there was always a part of American policy that reflected Roosevelt's vision, too. Eisenhower undermining Britain and France at Suez was only the most blatant of many American efforts to cut Europe down to size and reduce its already weakened global influence.

But the more important American contribution to Europe's current world-apart status stemmed not from anti-European but from pro-European impulses. It was a commitment to Europe, not hostility to Europe, that led the United States in the immediate postwar years to keep troops on the continent and to create NATO. The presence of American forces as a security guarantee in Europe was, as it was intended to be, the critical ingredient to begin the process of European integration.

Europe's evolution to its present state occurred under the mantle of the U.S. security guarantee and could not have occurred without it. Not only did the United States for almost half a century supply a shield against such external threats as the Soviet Union and such internal threats as may have been posed by ethnic conflict in places like the Balkans. More important, the United States was the key to the solution of the German problem and perhaps still is. Germany's Fischer, in the Humboldt University speech, noted two "historic decisions" that made the new Europe possible: "the USA's decision to stay in Europe" and "France's and Germany's commitment to the principle of integration, beginning with economic links." But of course the latter could never have occurred without the former. France's willingness to risk the reintegration of Germany into Europe — and France was, to say the least, highly dubious — depended on the promise of continued American involvement in Europe as a guarantee against any resurgence of German militarism. Nor were postwar Germans unaware that their own future in Europe depended on the calming presence of the American military.

The United States, in short, solved the Kantian paradox for the Europeans. Kant had argued that the only solution to the immoral horrors of the Hobbesian world was the creation of a world government. But he also feared that the "state of universal peace" made possible by world government would be an even greater threat to human freedom than the Hobbesian international order, inasmuch as such a government, with its monopoly of power, would become "the most horrible despotism."[11] How

[11]See Thomas L. Pangle and Peter J. Ahrensdorf, *Justice Among Nations: On the Moral Basis of Power and Peace* (University Press of Kansas, 1999), 200-201.

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nations could achieve perpetual peace without destroying human freedom was a problem Kant could not solve. But for Europe the problem was solved by the United States. By providing security from outside, the United States has rendered it unnecessary for Europe's supranational government to provide it. Europeans did not need power to achieve peace and they do not need power to preserve it.

The current situation abounds in ironies. Europe's rejection of power politics, its devaluing of military force as a tool of international relations, have depended on the presence of American military forces on European soil. Europe's new Kantian order could flourish only under the umbrella of American power exercised according to the rules of the old Hobbesian order. American power made it possible for Europeans to believe that power was no longer important. And now, in the final irony, the fact that United States military power has solved the European problem, especially the "German problem," allows Europeans today to believe that American military power, and the "strategic culture" that has created and sustained it, are outmoded and dangerous.

American power made it possible for Europeans to believe that power was no longer important.

Most Europeans do not see the great paradox: that their passage into post-history has depended on the United States not making the same passage. Because Europe has neither the will nor the ability to guard its own paradise and keep it from being overrun, spiritually as well as physically, by a world that has yet to accept the rule of "moral consciousness," it has become dependent on America's willingness to use its military might to deter or defeat those around the world who still believe in power politics.

Some Europeans do understand the conundrum. Some Britons, not surprisingly, understand it best. Thus Robert Cooper writes of the need to address the hard truth that although "within the postmodern world [i.e., the Europe of today], there are no security threats in the traditional sense," nevertheless, throughout the rest of the world — what Cooper calls the "modern and pre-modern zones" — threats abound. If the postmodern world does not protect itself, it can be destroyed. But how does Europe protect itself without discarding the very ideals and principles that undergird its pacific system?

"The challenge to the postmodern world," Cooper argues, "is to get used to the idea of double standards." Among themselves, Europeans may "operate on the basis of laws and open cooperative security." But when dealing with the world outside Europe, "we need to revert to the rougher methods of an earlier era — force, preemptive attack, deception, whatever is necessary." This is Cooper's principle for safeguarding society: "Among ourselves, we keep the law but when we are operating in the

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jungle, we must also use the laws of the jungle."

Cooper's argument is directed at Europe, and it is appropriately coupled with a call for Europeans to cease neglecting their defenses, "both physical and psychological." But what Cooper really describes is not Europe's future but America's present. For it is the United States that has had the difficult task of navigating between these two worlds, trying to abide by, defend, and further the laws of advanced civilized society while simultaneously employing military force against those who refuse to abide by those rules. The United States is already operating according to Cooper's double standard, and for the very reasons he suggests. American leaders, too, believe that global security and a liberal order — as well as Europe's "postmodern" paradise — cannot long survive unless the United States does use its power in the dangerous, Hobbesian world that still flourishes outside Europe.

What this means is that although the United States has played the critical role in bringing Europe into this Kantian paradise, and still plays a key role in making that paradise possible, it cannot enter this paradise itself. It mans the walls but cannot walk through the gate. The United States, with all its vast power, remains stuck in history, left to deal with the Saddams and the ayatollahs, the Kim Jong Ils and the Jiang Zemins, leaving the happy benefits to others.

An acceptable division?

Is this situation tolerable for the United States? In many ways, it is. Contrary to what many believe, the United States can shoulder the burden of maintaining global security without much help from Europe. The United States spends a little over 3 percent of its GDP on defense today. Were Americans to increase that to 4 percent — meaning a defense budget in excess of $500 billion per year — it would still represent a smaller percentage of national wealth than Americans spent on defense throughout most of the past half-century. Even Paul Kennedy, who invented the term "imperial overstretch" in the late 1980s (when the United States was spending around 7 percent of its GDP on defense), believes the United States can sustain its current military spending levels and its current global dominance far into the future. Can the United States handle the rest of the world without much help from Europe? The answer is that it already does. The United States has maintained strategic stability in Asia with no help from Europe. In the Gulf War, European help was token; so it has been more recently in Afghanistan, where Europeans are once again "doing the dishes"; and so it would be in an invasion of Iraq to unseat Saddam. Europe has had little to offer the United States in strategic military terms since the end of the Cold War — except, of course, that most valuable of strategic assets, a Europe at peace.

The United States can manage, therefore, at least in material terms. Nor

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can one argue that the American people are unwilling to shoulder this global burden, since they have done so for a decade already. After September 11, they seem willing to continue doing so for a long time to come. Americans apparently feel no resentment at not being able to enter a "postmodern" utopia. There is no evidence most Americans desire to. Partly because they are so powerful, they take pride in their nation's military power and their nation's special role in the world.

Americans have no experience that would lead them to embrace fully the ideals and principles that now animate Europe. Indeed, Americans derive their understanding of the world from a very different set of experiences. In the first half of the twentieth century, Americans had a flirtation with a certain kind of internationalist idealism. Wilson's "war to end all wars" was followed a decade later by an American secretary of state putting his signature to a treaty outlawing war. FDR in the 1930s put his faith in non-aggression pacts and asked merely that Hitler promise not to attack a list of countries Roosevelt presented to him. But then came Munich and Pearl Harbor, and then, after a fleeting moment of renewed idealism, the plunge into the Cold War. The "lesson of Munich" came to dominate American strategic thought, and although it was supplanted for a time by the "lesson of Vietnam," today it remains the dominant paradigm. While a small segment of the American elite still yearns for "global governance" and eschews military force, Americans from Madeleine Albright to Donald Rumsfeld, from Brent Scowcroft to Anthony Lake, still remember Munich, figuratively if not literally. And for younger generations of Americans who do not remember Munich or Pearl Harbor, there is now September 11. After September 11, even many American globalizers demand blood.

Americans are idealists, but they have no experience of promoting ideals successfully without power.

Americans are idealists, but they have no experience of promoting ideals successfully without power. Certainly, they have no experience of successful supranational governance; little to make them place their faith in international law and international institutions, much as they might wish to; and even less to let them travel, with the Europeans, beyond power. Americans, as good children of the Enlightenment, still believe in the perfectibility of man, and they retain hope for the perfectibility of the world. But they remain realists in the limited sense that they still believe in the necessity of power in a world that remains far from perfection. Such law as there may be to regulate international behavior, they believe, exists because a power like the United States defends it by force of arms. In other words, just as Europeans claim, Americans can still sometimes see themselves in heroic terms — as Gary Cooper at high noon. They will defend the townspeople, whether the townspeople want them to or not.

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The problem lies neither in American will or capability, then, but precisely in the inherent moral tension of the current international situation. As is so often the case in human affairs, the real question is one of intangibles — of fears, passions, and beliefs. The problem is that the United States must sometimes play by the rules of a Hobbesian world, even though in doing so it violates European norms. It must refuse to abide by certain international conventions that may constrain its ability to fight effectively in Robert Cooper's jungle. It must support arms control, but not always for itself. It must live by a double standard. And it must sometimes act unilaterally, not out of a passion for unilateralism but, given a weak Europe that has moved beyond power, because the United States has no choice *but* to act unilaterally.

Few Europeans admit, as Cooper does implicitly, that such American behavior may redound to the greater benefit of the civilized world, that American power, even employed under a double standard, may be the best means of advancing human progress — and perhaps the only means. Instead, many Europeans today have come to consider the United States itself to be the outlaw, a rogue colossus. Europeans have complained about President Bush's "unilateralism," but they are coming to the deeper realization that the problem is not Bush or any American president. It is systemic. And it is incurable.

Given that the United States is unlikely to reduce its power and that Europe is unlikely to increase more than marginally its own power or the will to use what power it has, the future seems certain to be one of increased transatlantic tension. The danger — if it is a danger — is that the United States and Europe will become positively estranged. Europeans will become more shrill in their attacks on the United States. The United States will become less inclined to listen, or perhaps even to care. The day could come, if it has not already, when Americans will no more heed the pronouncements of the EU than they do the pronouncements of ASEAN or the Andean Pact.

To those of us who came of age in the Cold War, the strategic decoupling of Europe and the United States seems frightening. DeGaulle, when confronted by FDR's vision of a world where Europe was irrelevant, recoiled and suggested that this vision "risked endangering the Western world." If Western Europe was to be considered a "secondary matter" by the United States, would not FDR only "weaken the very cause he meant to serve — that of civilization?" Western Europe, DeGaulle insisted, was "essential to the West. Nothing can replace the value, the power, the shining example of the ancient peoples." Typically, DeGaulle insisted this was "true of France above all." But leaving aside French *amour propre*, did not DeGaulle have a point? If Americans were to decide that Europe was no more than an irritating irrelevancy, would American society gradually become unmoored from what we now call the West? It is not a risk to be taken lightly, on either side of the Atlantic.

So what is to be done? The obvious answer is that Europe should follow

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the course that Cooper, Ash, Robertson, and others recommend and build up its military capabilities, even if only marginally. There is not much ground for hope that this will happen. But, then, who knows? Maybe concern about America's overweening power really will create some energy in Europe. Perhaps the atavistic impulses that still swirl in the hearts of Germans, Britons, and Frenchmen — the memory of power, international influence, and national ambition — can still be played upon. Some Britons still remember empire; some Frenchmen still yearn for *la gloire*; some Germans still want their place in the sun. These urges are now mostly channeled into the grand European project, but they could find more traditional expression. Whether this is to be hoped for or feared is another question. It would be better still if Europeans could move beyond fear and anger at the rogue colossus and remember, again, the vital necessity of having a strong America — for the world and especially for Europe.

Americans can help. It is true that the Bush administration came into office with a chip on its shoulder. It was hostile to the new Europe — as to a lesser extent was the Clinton administration — seeing it not so much as an ally but as an albatross. Even after September 11, when the Europeans offered their very limited military capabilities in the fight in Afghanistan, the United States resisted, fearing that European cooperation was a ruse to tie America down. The Bush administration viewed NATO's historic decision to aid the United States under Article V less as a boon than as a booby trap. An opportunity to draw Europe into common battle out in the Hobbesian world, even in a minor role, was thereby unnecessarily lost.

Americans are powerful enough that they need not fear Europeans, even when bearing gifts. Rather than viewing the United States as a Gulliver tied down by Lilliputian threads, American leaders should realize that they are hardly constrained at all, that Europe is not really capable of constraining the United States. If the United States could move past the anxiety engendered by this inaccurate sense of constraint, it could begin to show more understanding for the sensibilities of others, a little generosity of spirit. It could pay its respects to multilateralism and the rule of law and try to build some international political capital for those moments when multilateralism is impossible and unilateral action unavoidable. It could, in short, take more care to show what the founders called a "decent respect for the opinion of mankind."

These are small steps, and they will not address the deep problems that beset the transatlantic relationship today. But, after all, it is more than a cliché that the United States and Europe share a set of common Western beliefs. Their aspirations for humanity are much the same, even if their vast disparity of power has now put them in very different places. Perhaps it is not too naïvely optimistic to believe that a little common understanding could still go a long way.

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The State of the Special Relationship

By ROBIN HARRIS

THE FORMER U.S. AMBASSADOR to the Court of St. James, Ray Seitz, recalls in his autobiography preparations for President Bill Clinton's first meeting with Britain's then-prime minister, John Major. Sitting in the Oval Office, the president was reminded by one of his aides to mention the magic phrase "special relationship." "Oh yes," said Clinton. "How could I forget?" And he burst out laughing.

The events of September 11 cast a different light on this joke, as they did on the frivolity of the rest of the Clinton years. Ten days after al Qaeda's attacks on New York and Washington, President George W. Bush told Congress that America had "no truer friend than Great Britain." This was more than a gracious compliment to British Prime Minister Tony Blair, who was listening in the gallery. Americans, including America's commander in

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chief, were moved by London's response to the attacks on the United States. Everyone (bar Saddam Hussein) had condemned the loss of civilian life. But whereas, for example, the Belgian foreign minister — acting as president of the European Union — was soon talking of "limits to [EU-U.S.] solidarity," Blair's anger was unmistakable and his robustness unwavering. The British prime minister spoke of "barbarism" and "shame for all eternity. . . . Are we at war with the people who committed this terrible atrocity? Absolutely."

Blair's sentiments were palpably sincere. But they also reflected his intuitive grasp of Britain's national mood: The truth is that the nation, as a whole, clearly did exhibit far stronger ties of sympathetic solidarity with America than did anyone else. According to a *Daily Telegraph*/Gallup poll taken in early October, 70 percent of Britons supported military action against Afghanistan: They did so even if it meant large numbers of Afghan civilian casualties and despite the risk of substantial numbers of British troops being killed or wounded. So when the following month a *Newsweek* poll asked Americans whether particular countries had done enough to support the U.S. during the crisis, Britain earned the highest approval ratings. Blair's own popularity in the United States soared to levels rarely if ever enjoyed by a foreign statesman. Equally significant, American conservatives previously unenamored with the British prime minister were suddenly effusive with praise.

All of which was highly gratifying to enthusiasts of the Anglo-American "special relationship" — a somewhat embattled political minority on both sides of the Atlantic in recent years. But, viewed objectively, the practical results of the revivified "special relationship" have turned out to be meager, in some ways plain disappointing.

Capabilities and will

Of America's European allies only France and Britain possessed a significant capacity to assist in the war on terrorism, and only Britain had the will. A British task force was accordingly deployed in the Gulf; British submarines fired Tomahawks against Taliban targets on two occasions. Within Afghanistan, members of Britain's SAS regiment — without doubt the most skilled special service forces in the world — performed taxing and dangerous tasks with great success, notably in attacking the al Qaeda training camp outside Kandahar and in hand-to-hand fighting in the Tora Bora region. British forces are still involved in mopping-up operations against the enemy.

The pity is that from first to last these exploits have mattered little in the overall outcome. This has been America's war, and the U.S. has fought it according to its own battle plan and almost entirely with its own resources. The military cooperation of the Central Asian states of Uzbekistan and Tajikistan — frontline but hardly first-rate powers — probably mattered

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more at the crucial stages than that of Britain. Moreover, the significance of the 200 or so British soldiers sent to fight by America's side in Afghanistan is put into some perspective by the British Foreign Office's estimate that about the same number of British citizens were engaged on the side of al Qaeda. (Over the years, successive British governments have contributed more to fueling Islamic extremism by giving safe haven to known trouble-makers than the British have yet to contribute to the war on terrorism.)

Tony Blair himself would doubtless have liked to do more to help, but Britain simply lacked the military resources. The reasons are common knowledge. Since the end of the Cold War, America's technical superiority on the battlefield has advanced by leaps and bounds beyond that of its allies. Essentially rooted in the defense buildup of the Reagan years, this revolution in military affairs occurred largely despite — rather than because of — political decision making during the Bush (senior) and Clinton administrations.

America's technical superiority on the battlefield has advanced by leaps and bounds beyond that of its allies.

Like the Americans, the British and other European allies spent the 1990s giving ever-higher priority to welfare over weaponry, cutting back defense spending accordingly. But unlike the United States, the European countries lacked either the economic dynamism or the scientific base to compensate for reduced military budgets with parallel technological advance.

In Britain, successive governments presided over a three-stage weakening of the defense effort. First, there was a substantial cutback in the total defense budget, initiated in the last days of Margaret Thatcher and then pursued with increasing zeal by the Major and Blair governments: From 1992 to 2000, UK defense spending fell (in constant 2000 U.S. dollars) from $51.2 billion to $34.5 billion. Moreover, all three armed services remain weakened because of untackled difficulties in recruitment and retention.

Second, there has been an accompanying overstretch of resources. The lack of strategic clarity that characterized the 1990s throughout the Western world led in Britain to a succession of ill-thought-out ad hoc deployments from Africa to the Balkans. Significantly, in his *Foreword* to the latest Ministry of Defense *Performance Report*, Britain's defense secretary, Geoff Hoon, placed the emphasis on rebuilding the Sierra Leone army, overflying Iraq, peacekeeping in the Balkans, support for the police in Northern Ireland, and a string of basically civilian roles — helping control foot and mouth disease, coping with floods, strike-breaking, and fishery protection. These more or less worthy tasks hardly accord — excepting patrols over Iraq — with any recognizable list of strategic priorities.

The government now, in fact, regards British forces mainly as agents of

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"defense diplomacy," as the in-vogue phrase has it. But whereas a certain vagueness about ends and means can be a mark of diplomatic virtuosity, it is a severe drawback when troops are deployed on the ground. So, for example, British forces were committed in January to provide the core of the International Security Assistance Force in Afghanistan under an unclear mandate with unspecified tasks in uncertain political conditions. (It has also been revealed from leaked memoranda that the Foreign Office was pressing much the same in Macedonia.)

Third, mainly because of Blair's own personal obsession with matters European — on which more later — Britain's military procurement is failing to deliver the right equipment to allow British forces to perform effectively. There is no way that Britain, any more than other European countries, can compete with the U.S. in weapons development. Last year, for example, the U.S. spent 10 times Britain's budget on research and technology. The results of this trend were made embarrassingly clear during the 1999 Kosovo campaign, when British aircraft were for most of the time simply unable to strike their targets. Britain's role was limited mainly to boosting American morale and reinforcing the legitimacy of the operation. Only after the war was won could British troops on the ground make a significant contribution to enforcing the peace.

Britain's inability to match the government's and the nation's sympathies with practical military assistance to its U.S. ally during the first phase of the war on terror calls into question what the "special relationship" can offer either country. The question is unlikely to be answered — and it may actually become more pressing — during the second phase: tackling rogue states developing weapons of mass destruction. Only Britain can be relied upon, it seems, to support and lend modestly useful assistance in any war against Iraq. But again the disparity between Britain's goodwill and Britain's contribution in prosecution of America's global anti-terrorist strategy will become glaringly apparent.

Britain's political tangle

ODDLY ENOUGH, it is Tony Blair's political personality that has helped bring matters to a head. Blair himself, as even his admirers would privately admit, is something of a chameleon. In contemporary British politics this is a strength, as New Labour's fortunes bear out. The trouble is that adapting to one's environment creates all but insuperable problems when it comes to trying to change it. Blair can be as imperious as Margaret Thatcher on the world stage or as comfortably accessible as everybody's next-door neighbor at home. He can at alternate moments give the impression of a passionate free-market Atlanticist and of a corporatist European social democrat.

Blair has inherited an agenda from his political opponents, in particular

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from the Thatcherite 1980s, that he can neither abandon nor acknowledge. He has a large parliamentary majority. But, as increasingly frequent attacks by his party critics demonstrate, he is not a free political agent. He is anxious about being exposed as a weak international leader by a Conservative Party that, though far behind in the polls, is led by an ex-soldier and something of a defense buff in Iain Duncan Smith. Yet the prime minister cannot forget that he is also the leader of a Labour Party that is home to large reserves of hostility to America and endemically prone under pressure to express its latent distaste for exertions of Western power. Initially, it seemed that Blair would manage without too much difficulty to square all these circles. In particular, he was able to contain party dissent by media skills, by unleashing the whips, and, above all, by assuring the die-hards that as each new unpalatable American military initiative emerges it would be "thus far and no farther."

The Labour Party is endemically prone under pressure to express its latent distaste for exertions of Western power.

Left-wing Labour MPs were accordingly told that Britain would back American strikes against Afghanistan, but under no circumstances strikes against Iraq; and they grudgingly agreed. Just a few months on, however, it emerged that Blair was ready to back attacks on Saddam as well. It is turning out to be very much the same story over ballistic missile defense (BMD). The previous Labour foreign secretary, Robin Cook, was allowed by Downing Street to make highly critical remarks about BMD. So initially was his successor, Jack Straw. But a few months later Straw was abruptly instructed by Downing Street to reverse his opposition.

All of which is understandably reassuring to the many Americans who look at Blair's performance and conclude that, come what may, he will always adjust his approach under American pressure. Yet these American optimists overlook two pertinent facts. First, Blair has been able to bring the Labour Party — and the Labour Cabinet — with him thus far only because America has been so fortunate. (Even superpowers need luck.) Any number of military setbacks could have occurred in the course of the Afghanistan campaign; they may still emerge as new campaigns are fought. The possibilities of splits in American political opinion, including most dangerously splits in the Bush administration, are always real. Where would Blair's approach of alternately mollifying his domestic critics and then presenting them with *faits accomplis* be then? Bandwagoning in good times is no guarantee against wobbles in bad.

Second, Blair himself lacks both the temperament and the ideology to take on entrenched obstacles that prevent Britain's playing a more active and imaginative role as the (albeit junior) partner in America's broader global

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mission. These roadblocks stand in locations that some outside observers of the British scene might find surprising.

Institutional obstacles to cooperation

One such is the British Foreign and Commonwealth Office. The FCO, like other long-established bureaucracies, has its own habits, prejudices, and quirks that do not always conform to the criteria of objective external analysis. No one, for example, really understands why Foreign Office thinking was so pro-Serb in the wars in the former Yugoslavia that it encouraged British ministers and officials to consort with war criminals and created what John Major termed "the most worrying Anglo-American rift since Suez." Similarly, one can only speculate about why in present conditions British diplomacy is still, after decades of relentless and unsuccessful Arabism, so wedded to advancing the interests of Israel's Middle Eastern enemies.

Yet it is difficult otherwise to account for Jack Straw's determination, without — as he proudly declared — any cover from the U.S. State Department, to try to enroll Iran in the coalition against terror late last September. Straw's use of language that the FCO must have known would be offensive to Israel in an article written for the Iranian press cannot easily be explained. Not only did the mission fail: It turned out to be doubly embarrassing when Iran was discovered to have dispatched a shipload of lethal weaponry to fuel Palestinian terrorism. Even Straw felt compelled in Washington to express his concern. Unwilling to abandon the FCO's infatuation with restoring relations with the more amenable mullahs, however, he merely complained "about terrorism supported by *unelected parts* of Iran." Such attitudes, nourished within the walls of the Arabist FCO — not a mere infelicitous slip of the tongue — also explain the British foreign secretary's scornful put-down of President Bush's description of an "axis of evil" as being prompted by "mid-term elections coming up in November."

Nor does Foreign Office thinking remain closeted in White Hall; it intrudes, albeit irregularly, into the atmosphere of Downing Street. Unlike Straw, Blair regards the relationship with the U.S. as "pivotal" (a favorite word), but he shares many elements of the FCO outlook. Hence his own ill-conceived and ill-fated visit to Syria last November, where he was lectured for his pains by President Bashar al-Assad on Israeli "terrorism."[1] Hence too Blair's insistence on his visit to Washington in early April that the Bush

[1] Al-Assad's father, Hafez al-Assad, had already provided ample proof that it was possible both to oppose Islamic fundamentalism and back terror. He exterminated between 10,000 and 30,000 Islamists in the siege of Hama in 1982 but also enthusiastically backed Hezbollah, Hamas, and other terrorist groups.

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administration become much more closely embroiled in the Arab-Israeli conflict, slanting against Israel in order to improve the West's credentials with the Arab world.[2]

The British government, unlike the White House — and indeed contrary to the evidence drawn from the statements of al Qaeda members themselves — is convinced that the causes of Islamic violence lie in Israel's treatment of the Palestinians. This is all the more important and dangerous because Blair is also personally convinced — again unlike the Americans — that the war on terrorism can be won only by eliminating another root cause, the structural inequalities between the wealthy West and the poverty-stricken Third World. Hence the British prime minister's otherwise oddly timed visit to Africa in February, designed to highlight his conviction of the need for more active "peacekeeping" and "massive additional development assistance."

America can, of course, live with a British ally who seeks from time to time to indulge in a little international grandstanding on his own account. American policymakers will also recall that Blair, as a self-proclaimed left-of-center politician, has to indulge in some ideological balancing for domestic political consumption. The deeper problem is that the Blair government, supported and strongly encouraged by much of the policymaking apparatus, does not share the American administration's worldview and is privately contemptuous of its allegedly simplistic analysis of world affairs.

Surprisingly, perhaps, this attitude extends to the top of the British military. Britain's most distinguished forum on military affairs, the Royal United Services Institute (RUSI), played host to two well-publicized lectures in the course of the Afghan campaign. Sir Michael Howard, Britain's most eminent military historian, gave the first at the end of October. He described as a "terrible and irrevocable error" the U.S. description of the current campaign as a "war." He argued that "the terrorists have already won an important battle if they can provoke the authorities into using overt armed force against them." Of Osama bin Laden, Howard remarked: "He can't lose." In a superior tone he added: "I would like to think that thanks to our imperial experience the British understand these problems." The Americans, naturally, didn't. Howard has since had the grace to make a qualified retraction in the light of subsequent events — but not so the chief of the British Defense Staff, Adm. Sir Michael Boyce, who on December 12 also addressed his thoughts to RUSI.

The other Sir Michael was no more enamored of the American cousins. He sternly warned that the war in Afghanistan was "not a high-tech 21st century posse in the new Wild West." He said that Britain should be wary of following "the United States's single-minded [did he perhaps originally write 'simple-minded'?] aim to finish Osama bin Laden and al-Qaeda." And he

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[2]I have assessed both the British prime minister's motives and the damaging consequences for America in the (London) *Daily Telegraph* (April 22, 2002).

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added that "broader operations into regions that threaten UK policy goals will force us to choose between unconditional support to the coalition, conditional support, and 'red lines' or selective support — or indeed lack of support."

This sort of self-important, patronizing tone from senior British figures is not new. It is, in fact, one of the elements of the "special relationship" that has made it seem to successive generations of Americans rather less than special. The underlying assumption has not changed greatly over the years: The Foreign Office described its American policy in 1944 as being to "steer this great unwieldy barge, the United States, into the right harbor." Prime Minister Harold Macmillan liked to ruminate on the British being the equivalent of the (smooth and sophisticated) Greeks to America's (bluff and belligerent) Romans, discreetly overlooking the fact that most Greeks were slaves in the heyday of imperial Rome.

Illusion and reality

MACMILLAN WAS A master of illusion; but illusions — on both sides — have done decades of harm to the Anglo-American relationship. Indeed, viewed in the light of history, alongside America's own illusions the occasional embarrassing excess of British archaism pales in comparison. Policy towards Europe is a very relevant case in point.

It is sometimes forgotten — and neither the U.S. State Department nor the chanceries of Europe have an interest in reminding us — just how much the United States was the driving force for European political union. Eisenhower not only wanted a "United States of Europe"; he even spoke enthusiastically of it as a "third force." Kennedy's worry was that the Europeans might give up some of their supranational ambitions in order to let Britain in. He needn't have worried. Bush senior made a great show of regarding a reunited Germany as the leader of Europe until he found that only the Brits (and to a modest extent the French) would stand by America in the Gulf. Even the current predominantly Euroskeptic U.S. administration has wavered. Secretary of State Colin Powell's pronouncements have (perhaps unwittingly) played into Blair's hands, allowing the prime minister to claim that the U.S. had given its full approval to a European army that will act independently of NATO. Blair, for example, quoted Powell in order to show America's support for the notion that (in Blair's words) "a more effective common [European] foreign and security policy, together with making a success of the European Defence Initiative, is vital."

America's long-established policy towards Britain and Europe — one of downplaying the British-American "special relationship" in search of a broader and more fruitful "special relationship" with a united Europe — has, in fact, been based on three mutually reinforcing illusions. The first was

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an overly optimistic assessment of America's ability to bind the continental European countries into a genuine transatlantic community of interests. The second was a naïve belief that greater European unity would lead to a larger European contribution to the continent's defense. And the third was a complacent assumption that, whatever the vicissitudes of the European project, the U.S. could rely in the last resort on Britain to put it all back on track. In their different ways each of these hopes has been comprehensively betrayed. So what can America do now?

The starting point for a coherent answer must surely be to insist on regrounding U.S.-British relations on hard reality. Looking back, it is clear that the only periods when the special relationship between the U.S. and the UK has worked satisfactorily have been when it was based on effective mutual cooperation to the benefit of each country's national interest. Thus, unsurprisingly, British governments have wielded influence with successive American administrations in proportion to British contributions to American objectives. So in the early 1950s Clement Attlee was able to urge nuclear restraint on Truman — because British troops were engaged in combat by the side of the Americans in Korea. Likewise, Thatcher successfully urged caution about abandoning the nuclear deterrent in pursuit of Reagan's Strategic Defense Initiative on the eve of the 1985 Reykjavik Summit — because Britain was America's leading Cold War ally. And if the scale of British military contributions has diminished alarmingly in recent years, at least Britain provides a vote on the U.N. Security Council, lends support to American leadership in NATO, and can usually be relied upon to act as a cheerleader in the European Union — and British troops are actually prepared to fight and suffer casualties.

Britain is the greater beneficiary of mutual cooperation in security matters with the United States.

Inevitably, though, Britain is the greater beneficiary of mutual cooperation in security matters with the United States — simply because a medium-sized power can never bring as much to such a relationship as a superpower. But superpowers need reliable allies, and one quality the British have been shown to have in abundance within the transatlantic alliance is reliability.

It is, at root, mutual trust that has traditionally allowed British and American forces to share the same battlefield. The growing gap between the two partners' military equipment threatens that friendship for technical reasons. And, as previously noted, the inbuilt prejudices of the British foreign and security policy establishment are no help either. But British soldiers, unlike many of their European equivalents, are still psychologically equipped to fight; they are rigorously professional; and, again unlike most other European armies, they are undiluted by militarily ineffective conscripts. True, by the side of the U.S. defense effort, Britain's seems some-

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what paltry. Compared, however, with the rest of Europe we appear positively militaristic.

Thus only the Greeks and Turks now spend larger shares of their GDP on defense — about 5 percent each compared with an average European 2 percent — and their efforts are principally made with a view toward fighting each other rather than supporting NATO. For its part, Germany, Europe's largest and wealthiest nation, seems on present performance to have abandoned all pretense of pulling its military weight. Even the French now admit that Britain has become Europe's only serious military power. Writing in *Le Figaro*, the commentator Arnaud de La Grange sadly observed: "For the United States, the United Kingdom has become the only credible partner, while the French have been dropped."

Even the French admit that Britain has become Europe's only serious military power.

At the heart of Anglo-American defense collaboration remains the nuclear weapon, though diplomats are too polite to mention that fact. Of course, all of NATO ultimately benefits from the American nuclear umbrella, but since 1961 Britain has enjoyed unique access to America's nuclear weapons technology. De Gaulle realized at the time the defining importance of the British decision to acquire Polaris from the United States rather than to develop a British equivalent of the *Force de frappe*: It convinced him that Britain's orientation would always be dangerously Atlanticist. In any case, since then the British nuclear deterrent, though independent as regards control, has been dependent on America with regard to technology. The same still applies to Trident. This arrangement has allowed Britain to maintain a more effective nuclear deterrent (and at a lower cost) than France's. At the same time it has also given Washington unique leverage in influencing wider British policy.

Still more important, from a day-to-day security perspective, is U.S.-British intelligence sharing, which is indispensable alike to the mounting of British military and intelligence operations and the maintenance of British national security. It also gives the country a substantial strategic advantage over other medium-sized powers, particularly in Europe. For its part, Britain shares intelligence with the U.S. and other English-speaking countries that it does not share with the EU. (The regular meetings of Britain's Joint Intelligence Committee are even attended by representatives of the CIA and of the Canadian and Australian intelligence agencies.) Naturally, such procedures drive the Europeans wild. Enraged by allegations of commercial espionage centering on the *Echelon* intelligence-sharing program, one French member of the European Parliament exploded: "This is an Anglo-Saxon Protestant conspiracy. So much for Britain's commitment to European solidarity! Its real union is with America."

The underlying reason for Anglo-American closeness on intelligence is

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not, however, mere WASPish prejudice, but rather a well-founded American suspicion that intelligence shared with the mainland Europeans is likely to be leaked to the press, sold to the highest bidder, or betrayed to America's enemies. And when the U.S. does find itself having to share intelligence with the Europeans, the outcome only confirms American fears — as when France was found to have passed vital information about NATO air strikes to the Serbs in Kosovo.[3] In short, America's "special relationship" in intelligence also benefits the United States.

Cooperation on security matters — broadly defined — is therefore one of the main foundations of the actual special relationship. But there are others. And European statesmen, their perceptions sharpened by a degree of anxiety, have been most acute in describing them.

De Gaulle's grumblings are well-known. But Bismarck's insight into the future was more profound. Late in his life the old man was asked what he considered to be the decisive factor in shaping modern history. He answered: "The fact that the North Americans speak English." Even this, though, was only part of the truth. A century earlier Charles-Maurice de Talleyrand, who had benefited from periods of exile in both Britain and the United States before he embarked on his vocation of remodeling Europe, employed a lecture before the Institut de France to assess the links which bound the Anglo-Saxon world. He had been struck by the fact that, just a few years after the American Revolution, the former colonists were far closer to Britain, which had oppressed them, than to France, which had assisted their liberation. Talleyrand thought that a common language was part of the answer. A common legal system, he considered, was important too. But he also noted how common economic interests, which bound the two nations through trade, had quickly restored that harmony which political disputes had disrupted. He was right: Culture and commerce, working together, have powerful consequences, as the intervening centuries of "special relationship" have shown.

Trends and opportunities

THE CONSEQUENCES could again be highly beneficial for the United States and Britain, given global trends that are currently at work. It is now a cliché to observe that English is already the global language of business. But it has taken a group of Anglo-American thinkers and writers to explore just what the dominance of English may

[3]Evidence at the treason trial of Maj. Pierre-Henri Bunel in December 2001 suggested that his betrayal of secrets to the Serbs was the tip of a larger iceberg of double-dealing authorized by French military intelligence. There have also been strong suspicions of French complicity in the protection from arrest of indicted Serb war criminals like Radovan Karadzic.

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mean. Language, they point out, is a medium not only for calculation but also for culture. In particular, the English language is a symbol of common attitudes and values. A powerful case can be made that the English-speaking world — or "Anglosphere" — has generated a uniquely successful civil society accompanied by a strong commitment to "individualism, rule of law, honoring contracts and covenants, and the elevation of freedom to the first rank of political and cultural values." This in turn has resulted in the enviable freedom, stability, and prosperity that characterize most of the Anglophone countries. The proponents of this view want to see such commonalities protected and promoted by institutional means in "trade, defense, free movement of peoples, and scientific cooperation."[4]

It is not, in fact, necessary to accept the policy prescriptions of Anglosphere enthusiasts to recognize that they have drawn attention to a profound and potent phenomenon. The English-speaking nations have particular interests, which will not in every instance coincide. But in the longer term and in the wider scheme they almost certainly will, because these nations — above all the United States and Britain — view the world in much the same light and want to shift it in broadly the same direction. Such reflections clearly cast doubt on the desirability for America of placing hemispheric (Latin American) or Pacific (Asian) interests above those of the Anglo-American relationship and its connection with European integration.

In recent years, the common outlook of the English-speaking world and the contrast with those outside it has been nowhere more apparent than in economics. On this at least, British Euroenthusiasts and Euroskeptics can agree: There is a fundamental difference between American capitalism and the Rhenish or Gallic varieties, and Britain since the 1980s has done what it can to practice the former rather than the latter. With public expenditure running at a little less than 40 percent of GDP, the UK stands about midway between the American and European models. Britain is even closer to the U.S. when it comes to the government's interface with business. As in America, British business expects to operate in an environment of low regulation and without routine use of kickbacks to state officials; the threat of mergers and takeovers is widely regarded as bracing and beneficial; and it is understood that the interests of shareholders and profits, not co-management with employees and industrial strategy, drive the system. The results are different too: Any assessment of relative performance in recent years will confirm that while Anglo-Saxon capitalism generates growth and jobs, European capitalism swells debt and welfare rolls.

The shared approach — as well, naturally, as the shared language — of

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[4]The Anglosphere case is advanced at length by James Bennett, "The Emerging Anglosphere: America and the West," *Orbis* (Winter 2002), from which these quotations come. For trenchant arguments against it, see Owen Harries, "The Anglosphere Illusion," *National Interest* (Spring 2001).

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Britain and the United States is also reflected in patterns of trade and investment. Britain is unlike the main continental European economies in that it is far more oriented towards exports to non-European Union countries, to which half of its total exports (visibles and invisibles) are directed — despite the EU's external tariff and Single Market measures. Britain is also the largest overseas investor in the United States: The U.S. receives 44 percent of UK overseas investment, compared with the European Union's 36 percent. The figures shift the other way when it comes to foreign investment in Britain — but only just. The U.S. provides 38 percent of UK foreign investment and EU countries 46 percent — but America is still a far more important investor than any single EU country.

Partly in response to these contrasts between the British and European economic facts of life, there have been calls for the UK to join America in the expanding North American Free Trade Agreement. Unfortunately, that would involve facing up to questions about Britain's institutional relationship with the European Union that no one yet wishes to confront.[5] What is already clear, however, is that if America is committed to the extension of its own model of free enterprise around the globe — and it is in America's interests that its values should be shared and its markets expanded — then Britain is its major partner in the global economic game.

If America is committed to the extension of its own model of free enterprise around the globe, then Britain is its major partner.

And then, of course, there is still the fundamental question of security. Americans at present complain (though quietly, in order to avoid appearing ungrateful) that their British allies are not really pulling their weight. They are right. Britain has to do more if it expects to be taken seriously.

This should certainly involve a sustained increase in defense spending, rising to at least 3 percent of GDP, which Britain last reached in 1995. It would require a sharp and open break with the heavy bias towards Europe that distorts Britain's defense procurement and the establishment of a new, more cooperative relationship between the Ministry of Defense and the Pentagon. Equally important would be a more positive attitude by Tony Blair toward U.S. plans for ballistic missile defense. Britain could offer to cooperate in all respects with the U.S. in upgrading the Fylingdales early-warning facility. In exchange, the government could expect that the U.S. missile shield be extended to cover Britain, not just the American homeland. After all, as America's closest ally and a great deal nearer to the Middle East

[5] Or almost no one. Cf. Margaret Thatcher, *Statecraft: Strategies for a Changing World* (London: HarperCollins, 2002), 360-411.

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to boot, the UK is probably second only to Israel as the most likely target for a rogue state's missile attack.

The European conundrum

THE LARGEST SINGLE obstacle to a revivified special relationship lies, though, in Europe — and in different degrees both the U.S. administration and the British government are in denial about it. As has been noted, the United States has spent decades pressing Britain to become fully integrated in European supranational structures. This is not, it seems, the policy of the present administration. But there are still influential voices in Washington questioning whether Europe's plans should be taken seriously.

It is easy to see why. European political horse-trading is notorious. Extremism is on the rise. The euro is sickly. Europe's ambitions for an independent Rapid Reaction Force (or Euroarmy) bear no obvious relationship to reality.[6] For the foreseeable future Europe will remain almost wholly dependent on the U.S. for logistical support, accurate missiles, communications satellites, and military computers. Yet American skeptics about Europe's significance are only half right. This is because Europe only needs to be a second-order player on the world stage to create a host of problems for the American superpower.

The United States cannot at this stage, even if it wanted, prevent the emergence of a rival European megastate with its own identity and ambitions. But it can still reduce the harm that the development does to NATO; it can seek to counter-balance Europe's international ambitions; it can try to maintain the global momentum for limited government and free trade; and it can ensure that the U.S. does not stand alone when great issues are at stake. To achieve all these goals, America needs Britain.

For his part, Blair will use every available device to avoid choosing between America and Europe. But if Washington presses its case, as a political realist he will buckle. Being Blair, he will doubtless do it with style, grace, and rhetorical ambiguity. Yet if Washington insists on Britain reshaping (or scuppering) European military plans, desisting from further European integration, and renewing its transatlantic focus, London will comply. That's how the world still works. America has never been squeamish about telling Britain what it expects from the special relationship. If it now wants to give that arrangement teeth — and it should — the administration will need first to show its own.

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[6]European Leaders declared the European Rapid Reaction Force "operational" in December 2001. But the following January Jack Straw had to admit that the EU still lacked a third of its planned capabilities.

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The Future of "History"

Francis Fukuyama vs. Samuel P. Huntington

By STANLEY KURTZ

THIS IS Samuel P. Huntington's moment. The world of cultural and religious strife anticipated by Huntington in his much-discussed (and widely excoriated) book, *The Clash of Civilizations*, has unquestionably arrived. Yet whether we might also someday see an alternative world — the global triumph of democracy envisioned in Francis Fukuyama's brilliant work, *The End of History and the Last Man* — is also a question that seems very much before us as we contemplate what it would mean to "win" the war in which we are engaged. The question of our time may now be whether Huntington's culture clash or Fukuyama's *pax democratica* is the world's most plausible future.

This is a question with policy implications, of course, and both *The Clash of Civilizations* and *The End of History* are, in part, books about policy — what the United States government should do. Ultimately, however, to choose between Fukuyama and Huntington is to articulate a vision of human social life. What are the mainsprings of human action? How salient is religion as a cultural force? Is democracy the most civilized and natural way of life? Questions like these are at the heart of the contest between Huntington and Fukuyama, and we can take the measure of the concomitant policy disputes only by moving through these larger problems, not around them.

Philosophically and spiritually, *The End of History* and *The Clash of*

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Civilizations could hardly be more different (although each book can fairly be called "conservative"). Read closely, unexpected areas of convergence emerge. Nonetheless, ultimately, neither Huntington nor Fukuyama tells us what we need to know in order to synthesize their perspectives — or to finally decide between them. The books are at once complementary and irreconcilable. Taken together, they frame our current perplexity. So let us explore the dilemma that is the state of the world at the moment by considering each book in turn.[1]

Templates of conflict

ANYONE WHO HAS followed the war and the debates surrounding it will find something familiar and thought-provoking on nearly every page of *The Clash of Civilizations*. The book often reads as though it had been written this year. It's easy to forget how controversial it was when it appeared. For all the respectful (if often skeptical) attention Huntington's views have garnered from the policy community, his reception within the academy, among liberal opinion makers, and in many overseas capitals has been, and remains, overwhelmingly hostile.

The reason why is that *The Clash of Civilizations* sticks a thumb in the eye of liberalism and multiculturalism alike. For Fukuyama, the mainspring of history is the liberal yearning for equal recognition. Huntington gruffly retorts, "It is human to hate." Humans require identity, and they acquire it, says Huntington, through the enemies they choose. With the collapse of Cold War enmities, new forms of identity will inevitably be constructed upon new patterns of hostility. Differences of religion and culture, says Huntington, will provide the needed template for the clashes to come.

This vision of a civilizational state of nature in which hatred is rife and trust and friendship rare was bound to get a rocky reception in a nation where every other ad or song is about harmony. But Huntington pushes his argument further. Not content to affirm the inevitability of human hatred, or to predict the rise of cultural antagonisms in general, Huntington singles out "the Muslim propensity toward violent conflict" as the most important coming challenge to world peace and American power. "Muslim bellicosity and violence," says Huntington, "are late-twentieth-century facts which nei-

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[1]Huntington first put forward his thesis in an essay, "The Clash of Civilizations," in *Foreign Affairs* (Summer 1993). He published his book-length elaboration, *The Clash of Civilizations and the Remaking of World Order*, in 1996. A paperback edition is available from Touchstone Books. Fukuyama likewise first advanced his argument as an essay, "The End of History?," in the *National Interest* (Summer 1989). His book appeared in 1992 as *The End of History and the Last Man*. It is available in paperback from Avon Books.

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ther Muslims nor non-Muslims can deny." Yet until last September, deny they did. For the post-September 11 reader, watching Huntington demolish President Clinton's contention (so like the current president's) that the West has no problem with Islam, but only with violent Islamic extremists, is a fascinating bit of reverse déjà vu:

> The underlying problem for the West is not Islamic fundamentalism. It is Islam, a different civilization whose people are convinced of the superiority of their culture and are obsessed with the inferiority of their power. The problem for Islam is not the CIA or the U.S. Department of Defense. It is the West, a different civilization whose people are convinced of the universality of their culture.

The litany of Huntington's insults to liberalism does not end there. Whereas Fukuyama is at pains to point out how seldom established democracies take up arms against one another, Huntington insists that promoting democracy and modernization abroad means more war, not less. Electoral competition in non-Western countries, says Huntington, heightens appeals to nationalism and brings belligerent fundamentalists to power, thus increasing international conflict. Social and economic modernization, he adds, uproots societies and thereby spurs traditionalist reaction. But Huntington's deepest assault on liberalism may be his insistence on treating our belief in democracy's global appeal as a characteristic (and characteristically naïve) trait of Western culture rather than as a universal truth.

Multiculturalist ideas fare no better at the point of Huntington's sword than do liberal ones. Picking up on Max Weber's classic (but now taboo) thesis, for example, Huntington maintains that cultural factors are responsible for the differential rates at which various societies have modernized. More than that, Huntington launches a frontal assault on the carriers of both democratic and postmodern culture worldwide.

Huntington pokes fun at the educated international elite that favors the spread of democracy and capitalism, needling them by showing just how small a minority they are — culturally marginalized within their own societies, even where they rule. The neo-Marxist carriers of "post-colonial" theory within the academy are a sub-group of this class — highly educated, multicultural migrants, fully at home neither in the West nor in their countries of origin.

The term of art among aficionados of post-colonial theory these days is "hybridity." Over and above its reference to the mixing of cultures, "hybridity" doesn't mean much. Instead of using it to build a systematic theory of cultural interaction, post-colonial critics simply employ the term to undermine claims that coherent and bounded cultures can be usefully defined or analyzed. Pouncing on any indications of cultural mixing, the post-colonialists label these "hybridity" and satisfy themselves thereby that the demon of unbridgeable cultural difference has been slain.

From this perspective, then, Huntington's greatest sin is his cultural

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"essentialism" — his insistence on dealing with cultures as bounded wholes with defining "essences" instead of as indefinite, interpenetrating hybrids. When Huntington singles out "the Muslim propensity for violent conflict," scholars rarely reproach him openly for cultural bigotry. Instead they deride him for his naïve "essentialism" — his "propensity for violent generalization," so to speak. But the post-colonial theorists are only selectively critical of generalization. In fact, their own work depends upon the highly generalized concept of "Orientalism" to discount, at a blow, several hundred years of Western scholarship on the Middle East.

Read in the wake of September 11, it is more than clear that Huntington's book is filled, not with impermissible "essentialism," but with useful generalizations. Again and again, and in so many words, Huntington successfully predicts the future. Repeatedly, Huntington tells us that we're in for a long-term struggle (including periods of intense violence) with the Muslim world. But these generalized predictions are the least of it. Not only is Huntington right, he is right for all the right reasons — and correct in depth and detail as well. *The Clash of Civilizations*, for example, features an extended and still quite useful analysis of the social roots of Islamic fundamentalism.

In large measure, the world is already living out the truth of Huntington's thesis.

How did Huntington manage to predict the future so uncannily? He recognized that the future already existed in the present. He acknowledged and explored what others failed to recognize — that America was *already* engaged in a war of sorts with the Islamic world, even before September 11. And in yet another uncanny moment, Huntington casts his eye eastward and effectively predicts the advent of an "axis of evil" — an alliance of Middle Eastern and East Asian states in opposition to America and the West. He also points to a future in which weapons of mass destruction will act as military equalizers between civilizations in confrontation.

But even this summary does not do justice to the level of detail at which Huntington reflects upon our current dilemma. Here are some developments anticipated and discussed in *The Clash of Civilizations*: the advent of terrorist attacks on core cultural symbols; the emerging importance of the "floating army" originally created by volunteers from many Muslim lands to fight against the Soviets in Afghanistan; the tendency of Muslim fundamentalism to push Russia and the United States more closely together; the key military dynamic of terror versus air power.

Huntington has done remarkably little crowing about all this since September 11. Wisely, he has adopted the most conservative possible interpretation of his own work by maintaining publicly that we have not yet arrived at a full-fledged civilizational clash between the Muslim and Western

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worlds. That is true, in a sense. Only the coming attack on Iraq will reveal just how completely and forcefully the Arab and Muslim world will line up in opposition to America and the West.

But in large measure, the world is already living out the truth of Huntington's thesis. The very possibility of a definitive, radical, and large-scale mobilization of the Muslim world is already at the center of Western policy calculations. And of course, the threat of such a mobilization explains the entirely sensible decisions of Presidents Clinton and Bush to publicly proclaim that our problem is only with the extremists and has nothing to do with Islam or Islamic society itself.

So Huntington's triumph must be acknowledged. This is not to say, however, that his thesis is free of problems. On the contrary, there are a slew of them. Nor does Huntington's prescience gainsay the possibility that Fukuyama might ultimately be proven right about the global spread of democracy. Before turning to Huntington's troubles, however, let us take stock of Fukuyama's optimistic vision in the light so harshly cast upon it by the present crisis.

Fukuyama's tradition problem — and ours

Since September 11, and despite the apparent vindication of Samuel Huntington's prophecies in *The Clash of Civilizations*, Francis Fukuyama has steadfastly maintained that the end of history is nigh. For Fukuyama, the war itself is a tribute to the forces driving fundamentalist reaction in the Islamic world — the forces of modernization. And Fukuyama points out that Islamism is an inherently parochial phenomenon, not a universal ideology that can serve as an authentic rival to democracy. So Fukuyama maintains that, while the revolt against modernity in parts of the Muslim world may briefly slow the spread of democracy and capitalism, it cannot ultimately halt or replace it.

These are important points. We cannot assess them, however, without confronting certain problems in Fukuyama's thought. *The End of History and the Last Man* is constructed around a Hegelian framework that is at once the source of Fukuyama's extraordinary insights and the reason why he seems to have missed or slighted the phenomena at the center of Huntington's work. So it is to the intellectual framework of *The End of History and the Last Man* that we must turn.

Fukuyama's great accomplishment in *The End of History* is to establish that democratic rights and participation are fundamental ends in themselves, not mere epiphenomena of capitalism. Communist dictatorships and capitalist autocracies alike rob human beings of their dignity, and Fukuyama successfully shows how the growing turn toward democracy in both types of

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society is not simply a demand for wealth but, at the deepest level, an insistence upon equal personal dignity and recognition.

To establish these points, Fukuyama makes use of the philosopher G.W.F. Hegel to revive and reformulate the Anglo-American tradition of liberalism.[2] The liberalism of Hobbes and Locke is founded upon the relatively "low" human goals of self-preservation and the desire for wealth. Hobbes, for example, singles out "vainglory" as the greatest threat to peace. Only by abandoning the wish to be acknowledged as superior to others, says Hobbes, can we escape the war of all against all, thereby attaining both security and prosperity. So in its classic form, liberalism eschews the drive for recognition in favor of the safer, if humbler, pleasures of prosperity and peace.

Yet Fukuyama notices that liberal theory, in grounding itself on security and prosperity, overlooks something fundamental about democracy — namely, the desire for recognition by others of one's freedom and equality as a human being. This desire for recognition has actually been driving the worldwide democratic revolution. So rather than simply reject the quest for superiority as dangerous and alien, Fukuyama makes use of Hegel to show how democracy actually tames the human craving for superiority by transforming it into a thirst for equal recognition.

This is what Hegel's famous account of the master and slave is all about. In Hegel's reconstruction of the prototypical human situation, a master subdues a slave through his willingness to risk his life in a battle for pure prestige. The slave, valuing life above prestige, submits to the master and acknowledges his conqueror's superiority. Yet the master's seeming triumph turns out to be hollow since the recognition obtained from a slave is necessarily inferior in quality. Through a series of transformations, both the master and the slave eventually discover that only formal and mutual recognition of their equal dignity achieves authentic self-respect for each.

Fukuyama's extraordinary accomplishment is to give life to Hegel's abstract account by using it to illuminate the dynamics of the global democratic revolution. Unfortunately, however, while Hegel's story brilliantly illuminates the dynamics of decrepit communist dictatorships, the parable nonetheless falls flat as an account of life in other large areas of the world: those known as "traditional" societies. Fukuyama treats traditional societies

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[2]It is important to note that rather than directly adapting Hegel, Fukuyama is actually drawing on the interpretation of Hegel articulated by the Marxist philosopher Alexandre Kojève. In fact, Fukuyama makes a point of instructing the reader that, when he says "Hegel," he is actually making reference to a sort of composite philosopher who might be called "Hegel-Kojève." Here, too, I will speak of Hegel when "Hegel-Kojève" is actually at issue. It will emerge, in fact, that some of the difficulties I point to in "Hegel" below may more appropriately be laid at the door of Kojève or at Fukuyama's reading of Hegel-Kojève — perhaps a third philosopher, Hegel-Kojève-Fukuyama.

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as simple variants of slave-states or dictatorships, where recognition is granted to a supreme leader or a small ruling class, and the humanity of the masses is denied. Yet that is far too simple an account of the actual distribution of recognition in traditional societies. Nor can the problem be solved, as Fukuyama sometimes tries, by classifying traditional societies as stuck in some transitional stage of "irrational" recognition on the pathway toward the rational endpoint of modern democracy.

Fukuyama's impressive reworking of liberal "state of nature" teachings by way of Hegel suffers from a problem common to such theories. It assumes what is to be proven, in his case by constructing an imaginary history that, unlike actual history, takes the individual as the fundamental unit of society. In the actual history of human societies, it is far too simple to say either that the individual is denied recognition by his masters or that he gains recognition at the expense of his rulers. On the contrary, in most traditional societies, the interests of individuals are inextricably intermingled in the groups with which they identify. Individual recognition is a function of the honor both of the larger group and of leaders of that group. By devising an imaginary state of nature in which the subjects are a single master and a single slave, and by treating more complex social structures of recognition as mere elaborations of this fictitious individualist construction, Hegel elides the fundamental question — the extent to which human beings are individual subjects in the first place.

Fukuyama's history, unlike actual history, takes the individual as the fundamental unit of society.

Throughout the bulk of *The End of History*, Fukuyama writes as though recognition in traditional societies was effectively denied to the great mass of people. Yet late in the book, when he is probing the vulnerabilities of democracy, Fukuyama abruptly reverses ground and for the first time acknowledges that mutual recognition in traditional societies may actually be *more* widely distributed than in modernity. Recognition in such societies, says Fukuyama, may not be equal in the modern sense, but in small, pre-industrial agricultural communities, life is built upon small and stable social groups knit together by ties of kinship, work, and religion. In that sense, mutual recognition in such societies may actually be more pervasive and satisfying than in our own.

That isolated passage notwithstanding, Fukuyama never grasps the principle of hierarchy that structures the distribution of recognition in traditional societies. Traditional hierarchies are not so much master-slave relationships as they are by-products of group solidarity. Real solidarity is impossible without a leader who embodies the honor and interests of the group. The patriarchs who rule families, tribes, and states in traditional societies are bound by webs of responsibility and customary obligation to their subjects,

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just as those subjects gain much from the reputation and success of the groups (and thus the leaders) with which they identify.

Most traditional religious and kinship systems are mechanisms for distributing recognition within hierarchy — again, meaning "hierarchy" not in the simple sense of a master's domination of a slave, but in the sense of a leader as the embodiment of a larger and mutually dependent group. Not coincidentally, as with Fukuyama's Hegelianism, Marx's own adaptation of Hegel also stumbles on the problem of religion and traditional societies. Precisely because it is grounded on an underlying master-slave dynamic rather than on solidarity-based hierarchies, Marx's class analysis has never managed to unravel the secrets of religion or family life in traditional societies. And of course, it is upon the recrudescence of religion in kin-based societies that Huntington rests his analysis in *The Clash of Civilizations*.

Self-sacrifice on behalf of group prestige is at least as fundamental as personal risk for the sake of individual domination.

True, Marx and Fukuyama alike are seemingly able to handle these problems by classifying traditional solidarities as "transitional" forms and by dismissing them as false consciousness. Yet, in the end, neither Fukuyama nor Marx are able to turn Hegelian categories to the task of producing a truly nuanced analysis of traditional solidarities.

To put it another way, Fukuyama portrays the structure of the desire for recognition as the willingness to risk one's life in a battle for pure prestige — the battle of a master to conquer and rule a slave. Yet this is only a single version of the human desire for recognition, and not the most fundamental. Historically, the desire for recognition has been structured not simply by the quest for *individual* mastery, but by the willingness to sacrifice one's life in a battle for the prestige of one's *group*. Following Hegel, Fukuyama brilliantly traces the path from dictator to democrat — from the quest for individual mastery to the solution of equal mutual recognition. What's left out is the way of the suicide bomber and of the solidarities that the suicide bomber embodies and defends. In actual — rather than fanciful — human history, self-sacrifice on behalf of group prestige is at least as fundamental as personal risk for the sake of individual domination.

Fukuyama also presents yet another fascinating account of democratic evolution. In contrast to the foregoing, more "spiritual," story, the other one is an economic argument, grounded on the mechanism of modern natural science.

Simply put, scientific progress yields economic, technological, and especially military power. In order to harness that power and thereby avoid subjugation by other states, traditional societies have no choice, Fukuyama says, but to modernize economically. Yet economic modernization invariably dis-

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rupts traditional social forms and, in time, creates a society of individuals — independent subjects who are bound at some point to demand the equal forms of recognition embodied in democracy. So for Fukuyama, the economic effects of modern natural science dovetail with Hegel's dialectic of recognition to produce an inevitable triumph for democracy.

But what if the mechanism of modern natural science does in fact push us toward a world of democratic individualism, even though (contra Fukuyama) democratic individualism may not necessarily be the only fulfilling, or even the most fulfilling, way of life? In that case, we might expect a certain persistent dissatisfaction to trouble the spirit of democracy. In a sense, Fukuyama takes that dissatisfaction as his subject, as in his extraordinarily insightful application of Nietzsche's "last man" problematic to the malaise of modernity. Indeed, Fukuyama's use of Hegel to dignify and elevate an otherwise "low" and excessively "bourgeoisified" democratic theory is in many ways a response to the dissatisfactions inherent in modern democracy. More than Fukuyama concedes, however, these chronic problems of modernity are tributes to the ongoing power and appeal of traditional solidarities, and explain why history's end has so lately been delayed.

Clash of paradigms — and policies

THIS IS NOT at all to say that Fukuyama is mostly wrong while Huntington is mostly right. The truth, both trickier and messier, is something that Huntington and Fukuyama are equally reluctant to allow. Read closely, these two extraordinary books overlap far more than one might think.

Huntington, like Fukuyama, is too wise to entirely ignore the phenomena that preoccupy his counterpart. For example, Huntington acknowledges the global power of technological and economic modernization; he simply stresses the fact that modernization is actually driving the worldwide rise of fundamentalist reaction. Fukuyama, on the other hand, acknowledges the importance of reactionary antimodernism; he simply notes that the cultural reaction is testimony to the power and reach of the modernizing process.

Both are right, of course, and each is wise enough to touch lightly upon the truth in his counterpart's assertion. Yet each is also reluctant to alter his theory according to the other's insights. This is because both Huntington and Fukuyama have some very specific policy goals in mind. Fukuyama wants to see America actively promote democracy abroad. Huntington, on the other hand, ever the realist, warns about the potentially disastrous effects of an arrogant and naïve democratic imperialism. Were Huntington to treat the modernization process as something other than the mere occasion for cultural reaction, or were Fukuyama to explore the deeper social and spiritual roots of Third World fundamentalism, these clashing but relatively clear and consistent policy prescriptions would each be called into question.

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At one point in *The End of History*, Fukuyama at least acknowledges that the global advent of capitalism and democracy might well leave room for the persistence of cultural differences on the "sub-political" level (for example, family life, kinship structure, religion). Yet Fukuyama never really integrates that insight into his Hegelian account — never develops a convincing way of looking at cultural difference in his own theoretical terms. Nor does Fukuyama grant that the persistence of certain traditional social forms in, say, capitalist East Asia could be a significant spur to conflict within a future international system dominated by capitalist democracies. And of course, Fukuyama doesn't consider that the partial retention of traditional social forms in East Asia might suggest that a still more tenacious cultural resistance to capitalism and modernity might be conceivable in a region like the Middle East (a region about which Fukuyama has relatively little to say in *The End of History*).

By the same token, while Huntington stresses the disruptive effects of modernity on traditional social forms, he never considers that a nativist or fundamentalist response might ultimately fail to reverse that disruption. Nor does Huntington consider that the very fact of his being right about the clash of civilizations might actually help to push the international system in Fukuyama's direction. Arguably, in fact, that is what we are witnessing right now.

For all of his eerily prescient statements in *The Clash of Civilizations*, there are a number of discordant declarations. In accordance with his cultural-regional realism, for example, Huntington is at pains to stress that "no country, including the United States, has global security interests." In the wake of September 11, with American security interests and power rapidly expanding across the globe, that statement is almost embarrassingly false. A major theme of Huntington's book, in fact, is the coming decline of American power, which will inevitably be reined in by the demographic growth of the Muslim world and the economic development of East Asia. Huntington will not likely prove entirely wrong on that score in the long run, yet certainly one plausible effect of the war on terror is a significant extension of American power across the globe in the short and medium term.

Huntington notes that the Islamic resurgence in the Middle East has given the Muslim world renewed confidence in itself, confidence spurred on by the defeat of a world power like the Soviets in Afghanistan. Of course, he was right about renewed Islamic confidence — so right that he might now be proven wrong by the American response to Islamic overreach. With the Taliban defeated, Osama bin Laden taken down a notch or two, and perhaps the ousting of Saddam Hussein and the installation of a pro-Western regime in Iraq, can the forces of Islamic reaction remain as confident and ascendant as Huntington once suggested?

Ultimately, therefore, the resolution between Fukuyama and Huntington is still in doubt. Huntington was right about a conflict in the offing between

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the Middle East and the West. But we still don't know whether that clash is just the beginning of a long-term civilizational stand-off or a stimulus to democracy's and capitalism's final and successful push to establish themselves around the world.

Consider Pakistan, which plays a central role in Huntington's treatment of the Islamic world. Huntington sees Pakistan, because of its role in supplying the Afghan resistance to the Soviets, as a leading power in the Muslim world and a key potential partner in any anti-American alliance between Islam and East Asia. Of course, that all changed after September 11, when President Bush forced Pakistan to fall in with America or be deemed an enemy, after which Pakistan switched sides.

Will the change hold? That is an open question. Certainly President Pervez Musharraf has enjoyed considerable success to date, with relatively few domestic protests erupting against his tilt toward America. Yet the murder of journalist Daniel Pearl and other terrorist incidents make it clear that Musharraf's government will face continued internal pressure from Islamists.

Huntington was so right about Islamic confidence, he might now be proven wrong by the American response to Islamic overreach.

Huntington's model would explain Pakistan's tilt toward America as an attempt by a "secondary" civilizational power to stifle a cultural "fault-line" war that could cut against its own interests. Yet that only begs the question. What is the source of Pakistan's interest in moving toward closer cooperation with the West in the first place? I think Fukuyama explains this better than Huntington. The military and economic advantages of being part of the Western camp are the carrots held out by President Bush to President Musharraf. Ultimately, therefore, it is Fukuyama's scientific-economic mechanism of modernization that has enabled the United States to pry Pakistan loose from its erstwhile Islamist allies.

Yet the new pattern of alliance is clearly unstable. Musharraf, as noted, is still under internal pressure from Islamists, and an American attack on Iraq may yet produce a change of mood within Pakistan, just as fighting between Israelis and Palestinians has put pressure on moderate Arab leaders to cut their ties with Israel. And even if Pakistan's American alliance holds, the nation may turn into what Huntington calls a "torn country" — a society unable to resolve the contradiction between its global economic and security interests and its cultural center of gravity. Nor is a future American tilt toward India inconceivable. A civilizational alliance between victims of Islamic terror could put further pressure on Pakistan's pro-Western stance. In short, both Huntington and Fukuyama are right, although we cannot yet know in what measure. In the real world, the policy prescriptions that flow

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so neatly from their crisply consistent theoretical frameworks are profoundly muddled.

Realist restraint or democratic missionizing? Which shall it be? We have to be prepared for both, I believe. The coming years will be a time of reluctant imperialism for the United States. Inevitably, our victories in the war against terror will give us greater and greater power within the Muslim world. We exercise that power now in Afghanistan; soon we are likely to hold it in Iraq. Should our policy be to spread the gospel of democracy to these newly conquered Muslim lands, or should we eschew cultural arrogance and thereby escape the danger of a traditionalist reaction? That is a question that will be answered only in the doing. We have to be ready to experiment, to learn from our failures, and to quickly shift gears if need be. When it comes to the question of exporting democracy to the non-Western world, a foolish consistency will be the hobgoblin of small policy.

Even in their own terms, we can see certain paradoxes and contradictions built into both Fukuyama's and Huntington's policy recommendations. Maybe more than he knows, Fukuyama really does succeed in casting Hobbes aside — and not just on the question of liberalism's internal rationale. Fukuyama's commitment to the global spread of democracy may well dignify liberalism by restoring to it a certain nobility of spirit. Yet at a cost, for all we need do is recall Hobbes's warning that nothing is more disruptive to peace within a state of nature than vainglory. In effect, Huntington's complaint about Fukuyama's foreign policy is borrowed from Hobbes. If the world is a state of nature on a grand scale, then surely a foreign policy governed by a "vainglorious" missionizing spirit rather than a careful calculation of national (and civilizational) interest promises dangerous war and strife.

Yet Huntington's policy prescriptions are also rent by paradox. Huntington wants the West to defend its democratic traditions as a specifically Western cultural heritage, not as magical solutions to the problems of the world. The trouble, one might say, is that it's not in our culture to see our culture as simply a culture. Huntington's anti-universalist realism, even insofar as it may be correct, will always be "counter-cultural" policy in an inherently missionizing Western democracy.

Modernization: the missing link?

In the end, the most fundamental issue separating Fukuyama and Huntington receives only very passing treatment from either thinker. Ultimately, it is impossible to adjudicate the Fukuyama-Huntington debate without a well-grounded theory of modernization. In the absence of a clear conception of how, why, and when modernization blends, or fails to blend, with particular social forms, there is simply no basis for making decisions about the relative long-term prescience of either man. And while both

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Huntington and Fukuyama touch on these underlying social-structural questions, neither explores them in anything like systematic fashion.

As noted, Huntington does put forward a very nice account of the social roots of Islamic fundamentalism. Yet that account only begs the question of the long-term effects of modernization. Huntington rightly notes that the tendency of modernization to break traditional social bonds has actually stimulated an identity-preserving return to Islam. Yet if the forces of modernization continue to disrupt the older social solidarities, a long-term cultural shift toward individualism is entirely conceivable, and that is a possibility Huntington does not entertain. In an effort to distinguish between modernization and Westernization, Huntington rightly points out that the West's cultural individualism predates modernity and cannot be treated as entirely synonymous with it. Yet that does not preclude the possibility that the long-term effect of technological and economic modernization might be to dissolve traditional social forms and thereby generate exactly the sort of cultural individualism long familiar to us in the West.

The coming years will be a time of reluctant imperialism for the United States.

This is precisely Fukuyama's claim, yet he does not substantiate it so much as assume it. Fukuyama does show how urbanization and bureaucratization served to undercut traditional social ties in the West, thereby leading to an individualist world of capitalism and democracy. Unfortunately, he simply presumes that this pattern will hold for the non-Western world. That is too simple. Western feudalism, for example, was structured around localized patron-client relationships and tied to agricultural production. Feudalism was therefore effectively broken when an uprooted peasantry flooded the towns. Dense systems of kinship, however, were never critical to the Western social system. In most of the non-Western world, on the other hand, kinship is at the core of traditional social structure, and kinship ties have proven highly portable and adaptable to urban environments. The urban shanty towns of Cairo and Istanbul (filled with migrant peasants soon to become the foot soldiers of Islamism) are still very much structured by traditional kinship bonds.

In Cairo, for example, the resources, time, and energy that Westerners channel into developing a business, a unique career, or a civic association are instead devoted to complex marriage negotiations. The family alliances built through such marriages stand as the surest security against poverty and the helplessness of aging, even as those same connections feed the endemic corruption that hampers the development of capitalism and bureaucratic competence in Muslim lands.

Likewise, the shanty towns of Istanbul have in many respects recreated village life, except for the fact that in the more Islamist sectors, women's observance of proper Islamic dress is more strict than in the countryside.

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Even regional ties remain strong among peasant immigrants in Istanbul, who often travel to other sectors of the city just to arrange marriages for their children with immigrants from their old localities — people with whom they already have ties of kinship.

When it comes to modernization, these traditional social forms can cut in different directions. On the one hand, the persistence of arranged marriage and other kinship practices has clearly helped to fuel the rise of Islamism, which is in many respects an attempt to protect traditional family forms from the "acid of modernity." On the other hand, kinship connections have sometimes proven adaptable to capitalism. Many women in the poorer quarters of Istanbul, for example, do piecework for businesses that export clothing to Europe. The piecework ateliers are organized around kinship connections, real or fictive. Yet, as in Egypt, that very same kinship ethos impedes the efficiency of Turkish bureaucracy. Without a link, real or fictive, through your kinship network, it can take up to six years in many sections of Istanbul just to get a phone connected. Much of the piecework activity, moreover, is hidden from the state, and so represents a serious tax loss to the government.

So while Fukuyama is correct to say that the power that emerges from economic and technological development exerts a constant pressure on non-Western states to modernize, the actual nature and extent of the social changes that flow from, say, urbanization are not predictable from that fact. Some Third World countries have barely begun to modernize. Others, like Turkey and Japan, nicely bear out Fukuyama's model of non-Western states drawn into the web of modernization by the need to maintain military-economic parity with the West. Yet Japan retains much of its traditional social structure, while Turkey is still very much what Huntington calls a "torn country."

The future, therefore, is anyone's guess. In contrast to Fukuyama's expectations of a quick and easy link between economic and technological modernization, urbanization, and cultural individualism, a traditional kinship structure has reconstituted itself at the center of the great urban migration that is driving the spread of Islamism. Yet that same traditional structure is under siege from the forces of modernity — a siege that at once provokes the fundamentalist reaction and threatens, over the long term, to undercut that reaction. Will we ultimately see a slow but complete dissolution of traditional Muslim social forms and the emergence of something recognizably modern and even "Western" in the Islamic world, or will we see instead some complex social blend — and with what political-cultural consequences? No one knows the answers to these questions, and neither Fukuyama nor Huntington comes close to giving us the tools we need to puzzle the long-term problem out.

Maybe with time, for example, the "acid of modernity" will dissolve Turkey's traditional social structure and the modernizers will win out. Or maybe the piecework ateliers of Turkey will develop into a working blend of

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capitalism and the traditional social structure. Or will the kinship structure's formidable interference with bureaucratic and capitalist efficacy tell the tale in the end? To begin to answer the question, we need detailed case studies and hard analyses of the social and economic riddles at the heart of the urbanizing Islamic world (and the Third World more generally). At the moment, however, we have too little in the way of either data or theory to make an informed decision. That, in the end, is why neither Huntington, nor Fukuyama, nor anyone else at the moment can plausibly resolve the issue.

The question of time, moreover, is a central, though hidden, difficulty in the Huntington-Fukuyama debate. There is a tension in Fukuyama's account between his long-term prediction of the triumph of capitalism and democracy and his near-term critique of foreign-policy "realism." When democracy swiftly spreads, Fukuyama can take credit for having predicted the change. On the other hand, when Huntingtonian civilizational clashes emerge to complicate the picture, Fukuyama can fall back on his confidence in the eventual triumph of democracy and remind us that he never said that universal democratization would come swiftly or easily, only that democracy is the sole remaining political ideology with universal potential. Between the short- and long-term prediction, there is a fair amount of wiggle room.

A traditional kinship structure has reconstituted itself at the center of the great urban migration that is driving the spread of Islamism.

In response to Huntington's apparent vindication by the events of September 11 and their aftermath, Fukuyama has written, "Modernity is a very powerful freight train that will not be derailed by recent events." One wants to know the precise speed at which this powerful train is traveling. It hardly seems a stretch to say that the current dynamic of civilizational strife could last for decades, even if a worldwide triumph of democracy and capitalism is eventually in the cards. Huntington explicitly notes that his proposed foreign policy paradigm will likely be every bit as time-limited as was the Cold War paradigm that preceded it. So conceivably, Fukuyama could be correct about the long term, while Huntington could nonetheless be correct about the next several decades. Yet that would leave Fukuyama's policy proposals in tatters.

In fact, however, our present global dilemma borrows liberally from both *The Clash of Civilizations* and *The End of History*. Policy prescriptions will therefore have to be cribbed unsystematically, and on the fly, from Huntington and Fukuyama alike. Ultimately, this is because both thinkers are on to something fundamental about human social life. There is no doubt that, worldwide, we continue to live out the process of social and cultural democratization and individualization described most brilliantly by Tocqueville more than a century and a half ago.

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Yet it is nonetheless the case that the war between modern democracy and traditional society may never quite come to an end — even if, at a given moment, democracy appears triumphant. This is because (notwithstanding assorted "state of nature" fantasies), until relatively recent times, human societies have always assigned more weight to the collective than the individual. The mechanism of modern natural science may lately have uprooted those traditional social forms and created a novel human ideal, but the chronic disenchantment at the heart of modernity bespeaks a yearning for the firm direction, shared identity, and common purpose that the old hierarchical collectivities used to provide.

In a sense, Fukuyama's charge to spread democracy around the globe is a very modern attempt to restore that feeling of collective purpose. Yet nothing entirely modern can fully replace the satisfactions of traditional religious and family life. That is why, even within triumphant capitalism and democracy, our domestic culture war lurches on inconclusively. That culture war is simply an internal manifestation of the incomplete and unnatural character of modernity. And even if modernity's external enemies are someday vanquished, its internal upheavals and doubts will remain, forever unresolved and irresolvable.

Of course traditional societies have more than their fair share of social and psychological costs, and especially in a modernizing environment, those costs can be profound indeed. Nonetheless, we are, all of us, perpetually suspended between tradition and modernity, neither of which will quite do, yet one of which now has the weight of science and technology (and therefore of "history") on its side. The only good solution to this dilemma is a blend, in the best Tocquevillian sense, of the old and the new. Different societies will find (or fail to find) that blend in different ways and at different rates. Perhaps someday, the peoples of the world will all be seeking to strike the balance of modernity and tradition within a broadly liberal democratic framework. Until that day, however, the end of history and the clash of civilizations will remain perplexing and simultaneous truths, the measure of which we shall be compelled to take without benefit of overarching formula or guide.

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Taxes, Dividends, and Distortions

By STEVE STEIN

HAD ITS STOCK descended from $90 to $1.60 and languished there, Enron Corporation would merely have joined dozens of other casualties of the new economy in Wall Street's purgatory. But the stock's final descent, from $1.60 to virtually zero, has instead earned the company a place in the Beltway's special hell. Now Enron's name is invoked to buttress every argument imaginable, from reforming campaign finance laws to not reforming the Social Security system. Ironically, the one reform that Enron's unfortunate history does clearly support still receives scant congressional attention: changing those provisions of the Internal Revenue Code that tax corporate dividends twice.

Unlike dividends, interest payments are taxed only once, so the tax code

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has nurtured some extraordinarily complex derivative securities that turn equity into debt for the IRS and debt into equity for Wall Street. Enron pushed the use of these securities way too far, of course, but reformers who worry that the company's practices are merely the tip of a vast iceberg might at least consider the origins of the ice. Such consideration may provoke a much closer look at the tax treatment of dividends and how it has bred problems that extend well beyond these issues of corporate accounting.

In essence, tax policy encourages corporations to hold on to shareholders' money forever. By taxing earnings at the corporate level and taxing them again upon distribution to the shareholder, state and federal government can claim 65 percent of the income. Since over half that tax is avoided if the corporation retains the earnings, shareholders have become more willing to let management perpetually reinvest their money — and management has been even more willing to comply. This policy encourages corporations to find increasingly imaginative uses for their shareholders' money, including stock repurchase plans that often benefit shareholders much less than they benefit executives who hold stock options.

Disappearing dividends

THE INTERNAL REVENUE CODE has long favored the reinvestment of corporate profits over their distribution. When income taxes first rose high enough to have major economic impacts, the country was fighting World War II and the fine points of corporate finance weren't part of the public agenda. After the war, when tax policy did become a high-profile issue, there was widespread concern that depression might return unless investment was vigorously encouraged. With dividends taxed at rates over 90 percent throughout the 1950s, there was a strong incentive to plow every cent back into the business.

Even so, the average dividend yield on public companies remained fairly high. Economists were puzzled over the persistence of high dividend yields in the face of such tax inefficiency, and many predicted that dividends would eventually disappear altogether. But until about 10 years ago dividend rates on the stock of large, well-established firms held up fairly well both as a percentage of profit (the payout rate) and as a percentage of the value of the stock (the yield).

In one sense, however, dividends have been falling steadily since the 1950s. The year 1958 was the last time the dividend yield on the S&P 500 was actually higher than the yield on high-quality corporate bonds, reflecting the popular view at the time that investors needed higher equity yields to compensate for the additional risk. Since then, the decline has been steady — and dramatic. (Note also the *absolute* drop in the dividend yield from 1990 to 2000 — a decline that occurred at the fairly constant rate of 25 basis points per year throughout the decade):

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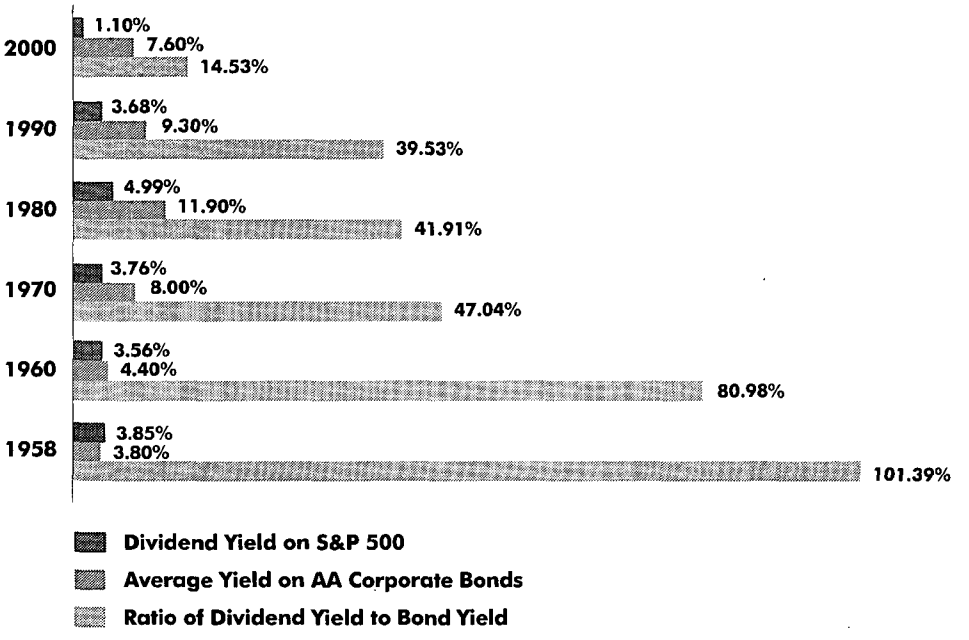

As dividends from major companies declined, the number of firms that pay no dividends whatsoever rose dramatically, from under 30 percent of all public companies in 1960 to over 65 percent today. Shareholders' appetites for dividends decreased as they became more convinced that when the time came to sell, they could expect large capital appreciation. Meanwhile, corporations have also become more aggressive repurchasers of their own stock, since this is a more tax-efficient way to put earnings into shareholders' hands.

Therefore, the pressure to alter the tax treatment of dividends has never reached critical mass. Various "flat tax" measures have addressed the issue, generally by proposing that both dividends and interest be taxed at the corporate level and then distributed to shareholders or creditors with no further tax at all. But that has been a tough sell politically. The wealthy passive investor who sits back and receives income from a corporation "tax free" is a tempting target for demagogues, no matter how often it is repeated that the taxes have already been paid.

A better policy on dividends, and one that would have at least some political potential, would have two components:

- First, a change in tax reporting. The 1099 DIV form, which is the form sent to the IRS and to shareholders recording the amount of dividends paid, should also report the amount of corporate tax already paid on dividends distributed.

- Second, tax relief. Individual shareholders should receive an offsetting credit against taxes paid on those dividends. How large a credit? Perhaps ultimately it should be dollar for dollar, but until firm cost data are available it might be much smaller. Certainly, it should be sig-

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nificantly more than the token credit ($400 per joint return) that existed in the tax law prior to 1986.

Although additional reporting requirements are not usually welcome, the one proposed here would aid both corporations and shareholders, because it would underscore the extent to which earnings are taxed twice. Twenty of the 25 most industrialized nations integrate personal and corporate income taxes by various means. Only the United States, Belgium, Luxembourg, Switzerland, and the Netherlands make little or no attempt to avoid double taxation (although the United Kingdom seems to be moving in that direction as well).

This proposal raises other issues — including, of course, the cost of ending this double taxation. But first, in order to make the case for reform, it is necessary to examine the three kinds of mischief the current tax policy has wrought:

- The tax incentives to corporate growth are as powerful for the largest company as the smallest one. Thus, tax policy is at odds with anti-trust policy.
- Dividends could signal useful information about a company, whereas current tax law rewards policies that are more likely to conceal the inefficient use of earnings.
- Alternative methods of getting money into shareholders' hands (stock repurchases and hybrid debt/equity securities) are overly complex and raise the cost of capital.

Over-concentration of capital

For a few years, Microsoft topped General Electric as the largest company in America, measured by market capitalization. Currently Microsoft has dropped back, but it still has the most cash in the till — $36 billion. Microsoft has never paid a dividend on its common shares and few shareholders are clamoring for change. Yet it is becoming more difficult for Microsoft to deploy its earnings profitably without incurring further charges of anti-competitive behavior. In recent years, a primary avenue of investment for Microsoft has been telecommunications. The company put $5 billion into AT&T, $1 billion into Comcast, and lesser amounts into WebTV and other cable ventures. In fortifying its position in the coming convergence of the television and the personal computer, Microsoft has tried to maintain a lighter hand in the world of cable than it did in the world of desktop software. So far it has succeeded in that regard, but the profitability of its new investments remains very much in doubt.

There are some who would rather Microsoft just start paying big divi-

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dends. One of the most vocal is Ralph Nader, who claims the company's no-dividend policy actually runs afoul of the tax code's provision against the unreasonable accumulation of earnings. In a public letter to Microsoft, he also suggested that the interests of Bill Gates and other major insiders are at odds with the bulk of Microsoft's shareholders.

On both of these claims, Nader's evidence is thin. Microsoft may be having difficulty finding suitable investments, but it can certainly show that it is diligently pursuing the effort and hasn't exhausted the possibilities for putting all that cash to work. As for the claim that Gates's interests are radically divergent from those of his investors, a popular response from shareholders to Nader has been, "Don't do us any favors."

Nader doesn't even consider the possibility, but a much better answer might be a lower tax on dividends. Microsoft's investment in, say, AT&T hasn't proven a winner so far, but on a risk-reward basis the shareholders find it defensible. After all, on the risk side of the equation, even a modest chance of success in this field stacks up well against the certainty that if the earnings were paid as dividends, much would be taxed away immediately. Perhaps Microsoft will start paying dividends, but if so they will likely be minimal.

It became acceptable for even the biggest firms to retain earnings for future growth, seemingly ad infinitum.

Thirty years ago, large companies that paid sizable dividends were expected to continue doing so. But as newer companies like Microsoft — which had never been under pressure to declare dividends — started to grow large themselves, investors' expectations changed. It became acceptable for even the biggest firms to retain earnings for future growth, seemingly ad infinitum. A majority of the huge technology companies — including Cisco, Sun Microsystems, Oracle, and Dell — have paid insignificant dividends, or none at all, on their common shares. Instead, these companies used their earnings to fund activities such as the commercial internet, which was good for investors and for the country. But the late 1990s saw a massive over-investment in websites, web hosting centers, internet infrastructure, and software solutions — from which the economy is only now starting to recover.

If earnings had been distributed to shareholders who made their own investment decisions, the same over-funding might have occurred. But is it likely that the internet bubble would have been so enormous without the initial credibility attained as a result of so many large companies spreading seed money for so many ventures?

The best example of this is the acquisition binge undertaken by Cisco Systems, which for a brief period in early 2000 was itself the world's most valuable corporation, sporting a higher market capitalization than either

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Microsoft or GE. Primarily, Cisco used its high-priced stock, rather than cash, to make the acquisitions. But some cash was needed to cover the transaction costs. Moreover, as the scope of Cicso's business rapidly increased, it became easier to justify the retention of its cash hoard for future operations.

Cisco's acquisition strategy made Microsoft's look like a model of conservatism. Cisco's largest single acquisition was an optical networking company called Cerent, for which it paid $6.9 billion. The Cerent deal may ultimately show a profit, but it will take decades to do so. Even though Cisco's own inflated stock was the medium of exchange, the price was enormously high: During 1999, the year it was purchased, Cerent lost $29 million on $10 million in sales.

The Cerent acquisition, more than any other Cisco deal, lent credibility to the initial public offerings (IPOs) that were originating in Silicon Valley at the height of the Nasdaq bubble. If Cisco, possibly the world's most sophisticated technology company, was willing to pay so much for an unprofitable startup, the public could too.

Microsoft and Cisco weren't the only technology giants whose stock prices assumed unsustainable growth rates. Nor were they the only technology giants that had huge cash assets and paid no dividends. In fact, most of the 100 largest companies on the tech-heavy Nasdaq had the same message for their investors: Forget current returns and keep your eye on huge capital appreciation in the future.

Eventually, there was so much excess investment in technology that it created a financial train wreck. Through its policy of double taxation, the government encouraged profitable firms to retain earnings rather than distribute them. Is it surprising that most of those earnings were invested in the same sector that produced the profits in the first place? If the earnings had been distributed, surely there was a better chance that they would have been spread throughout the economy. Wider choices make for better markets.

Concealing inefficiency

In 1961, future Nobel laureates Merton Miller and Franco Modigliani demonstrated that, in the absence of corporate taxes, a firm's value is affected very little by how it is financed or by how much of its earnings are paid out or retained. The real determinant of the firm's value is the way it uses its resources — not its debt-equity ratio or the rate at which it retains its earnings. Miller and Modigliani's theorem became a centerpiece in the analysis of dividend and payout policy among financial academics. But, as with much economic modeling, it has been used to prove matters far beyond what the authors probably intended. (Modigliani himself has since noted on various occasions that he and Miller differ on the role of taxes in all this. Modigliani considers them to be of much greater consequence.)

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Economists have been particularly intrigued by the question of whether dividend growth correlates with earnings growth. In one interesting 1996 study published in the *Journal of Financial Economics*, Harry DeAngelo and his co-authors purported to test that proposition by examining the dividend decisions of 145 companies listed on the New York Stock Exchange whose earnings had grown consecutively for nine or more years and then began to decline. They found no correlation between management's dividend decisions and the coming reversal of corporate fortunes. In most cases, dividend increases followed as regularly as when earnings were on the rise.

Many other tests and surveys have been devised by economists; they seem about evenly divided on the question of whether dividend policies send accurate signals about corporate health. But faith in dividends remains strong among a segment of the investing public. They buy books such as the best-seller *Dividends Don't Lie* (Longman Publishing, 1988). They see themselves as old-fashioned "value" investors and look at dividends, particularly dividend increases, as management's way of putting its money where its mouth is. An additional five cents per share, per quarter, sounds far more convincing than a few glowing paragraphs at the front of the annual report, which, although bearing the CEO's signature, were really written by the firm's investor relations office. Similarly, an increased payout means more to such investors than the CEO's upbeat comments to a few financial analysts. In times when even prestigious accounting firms have come under a cloud, it isn't surprising that many investors seek more tangible evidence of a firm's prospects than mere words or numbers on paper.

Since taxes make dividends so expensive, a certain cognitive dissonance pervades the subject.

But that's only part of the story. Since taxes make dividends so expensive, a certain cognitive dissonance pervades the subject. For years, investors were able to earn superior returns by simply selecting the 10 highest-yielding stocks in the 30 Dow Jones Industrials, holding them for one year, and then selling the ones that had dropped off the list and buying their replacements. These superior investments were given the popular nickname "the Dogs of the Dow." To the extent that the high yield was a function of a low market price, it did mean that those stocks were underloved. But some of the stocks remained among the highest yielding for many consecutive years not so much because their market price was so low, but because their dividend was increasing and their payout ratios stayed high.

Buying the "Dogs" hasn't worked as well in the past few years, perhaps because the method became too well-known. But another reason may be that so few Dow stocks now pay significant and growing dividends; there is little opportunity for turnover among the 10 highest-yielding. This table

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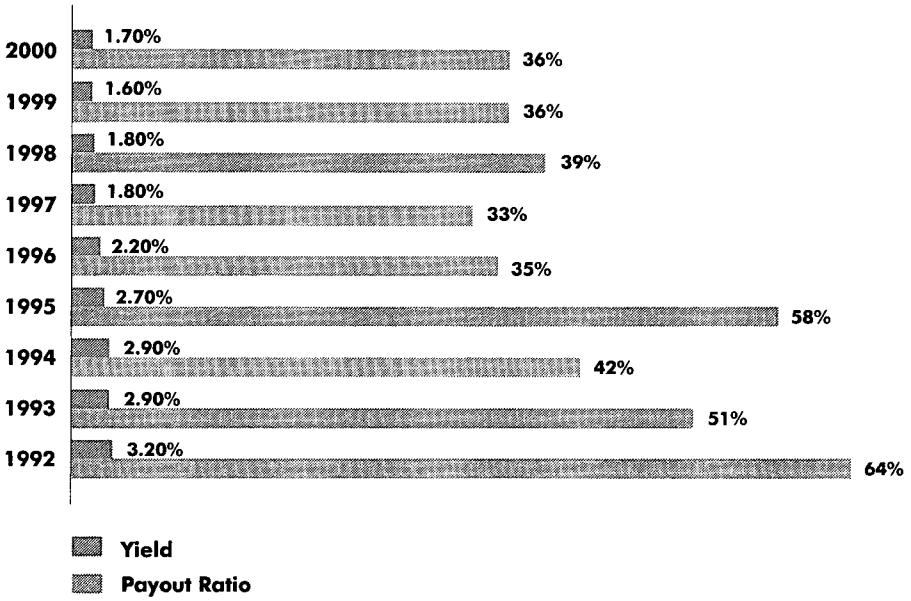
underscores how the payout ratio has dropped from the middle of the past decade, after generally staying above the 50 percent range for the better part of a century:

Dow 30 Industrials



The love-hate relationship with dividend yields is perhaps best illustrated by the stock that had the top yield on the Dow for several years: Philip Morris. The company blends a rare combination of superior current earnings and unsustainable prospects.

So are dividends a sign of strength, weakness, both, or neither? As we descend into the murky world of behavioral finance, paradoxes and doctoral dissertations abound. But even if we set the dissertations aside and stay on the familiar ground of workaday finance, the paradoxes remain. Two money managers, Clifford Asness and Robert Arnott, did their own study of dividend payouts from 1950 to 1991 and subsequent earnings growth over 10-year periods. They found that the strongest earning growth occurred following periods when dividend payouts had been the *highest*. "My favorite theory is that the cash burns a hole in management's pocket," Asness told the *Wall Street Journal*, "and they over-invest in . . . less attractive projects." The seminal work of Miller and Modigliani, sometimes labeled M&M's theorem, was never supposed to mean that cash not paid as dividends will melt in the corporate treasury rather than in the shareholders' hands.

In an earlier era, the payment of regular dividends was a threshold condition for a stock to be considered an investment rather than a speculation. Vestiges of that philosophy still exist, in the form of constraints occasionally placed on fiduciary accounts that bar the trustee from investing in non-dividend-paying stocks. Attitudes toward dividends would have changed over time even had there been no tax considerations. But with dividend payouts

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so penalized by tax policy, who knows how stockholders ought to regard a company that pays strong dividends? Do sizable payouts mean that management, having nothing better to do with shareholders' money, is running out of investment ideas? Or do sizable payouts still convey an understanding on the part of management that profits belong to the shareholders and that placing them in the shareholders' hands remains a legitimate priority?

If the Internal Revenue Code were neutral in its treatment of dividends and retained earnings, the capital markets would simply sort out these questions on a case-by-case basis. After all, General Electric, which regularly pays substantial dividends, has nevertheless managed to expand and diversify its operations with spectacular success. On the other hand, Berkshire Hathaway, which pays no dividends (but has also shown remarkable growth), has given its shareholders little reason to be concerned about the way the profits are deployed. Berkshire's CEO, Warren Buffett, is the classic example of the CEO who treats shareholders' money as attentively as he treats his own. But the tax code is anything but neutral. Consider this illustration:

Shareholder receives $1,000 dividend, invests in 20-year municipal bond at 5.5%:

	Available for investment	**Value in 20 years**
If shareholder pays 40% (state and federal) tax on dividend:		
	$600	$1,716
If shareholder pays no tax on dividend:		
	$1,000	$2,883

$1,000 is retained, reinvested for 20 years, then shareholder sells and pays capital gains tax. If earnings are reflected in the stock price:

Corporation must earn at this rate to match "taxed dividends" result:	4.30%
Corporation must earn at this rate to match "untaxed dividends" result:	7.00%

In other words, the corporation needs to earn about 60 percent as much on retained earnings than would be the case if shareholders' dividends were untaxed. Since there are large shareholder constituencies (including retirement and pension accounts) that aren't subject to current taxation, the tax code's overall "retained earnings subsidy" isn't as great. But attempts to analyze patterns of shareholder investment based on taxable status have proven unsuccessful because too many other variables intrude.

Let's grant that the most efficient firms can indeed invest their shareholders' money more productively than the shareholders can on their own, even with no additional tax cost on the shareholder side. But what about firms that are still attractive, but not in the first tier? By definition, only a tiny percentage of companies stand at the very top of their industries, and they don't stay there forever. A few people can hold the best investments, at the right prices, for the right time, but markets wouldn't be markets if everyone could do so. Dividend receipts provide a way for investors gradually to shift financial resources without having to make abrupt decisions. To the extent that

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those abrupt decisions are perceived as adding to the risk of owning equities, they increase the cost of capital.

Perhaps what has been called the "dividend puzzle" is really part of a larger question: Why do so many shareholders have a preference for the style of investing known as "buy and hold"? But that's not much of a puzzle. Qualities of permanence and stability are embedded in every popular concept of investment. It may be possible to construct economic models of efficient capital markets in which the length of time that stocks are held is immaterial; it is much harder to find real-world examples. Investors typically know more about companies whose stock they own than about companies whose stocks they don't own. To compensate for the lack of knowledge about the unowned stocks, investors would expect a relatively better rate of return. Of course, this is just one of many transaction costs in the market; commissions and spreads (between stocks' bid and offer prices) are more obvious ones. If selling their stock is the only way to realize cash from their investment, shareholders must incur all these transaction costs. In that sense, dividends are a more efficient way for shareholders to claim some of their money.

While there are market forces to prevent management from getting careless with the stockholders' profits, dividend policy is not one of them. That's too bad, because the same dollars that are the best source of dividend payments are also those with which it is so easy to become careless. Even when shareholders suspect that "free cash flow" (cash beyond operating and capital needs) is being used ineffectively, there is still little incentive for them to demand higher dividends instead. Thus, an essential brake is lost on some firms' tendencies to over-expand in their own niches, over-diversify, or overcompensate their management.

The trend of rising executive compensation over the past 50 years closely matches the trend of falling dividends. It is abetted by the use of stock repurchase plans.

Over-complexity

THE MODERN alternative to regular dividend payments is the corporate share buyback. If it is time to distribute money to shareholders, some argue that all a corporation need do is offer to repurchase its stock. Shareholders can sell part of their holdings, and profits on the transaction will be taxed at the capital gains rate. Shareholders who are happy to allow their earnings to remain invested don't have to sell. Everyone wins.

Well, maybe not quite everyone. Shareholders don't have equal discretion to sell or hold. If everyone sold proportionately, their relative ownership positions would remain unchanged. In fact, those in the weaker economic position are under greater pressure to sell and eventually may have to liqui-

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date their entire stake. The corporate buyback is like a partnership in which the minority partner asks: "Isn't it time to distribute some profit?" To which the majority partner answers, "I'm not distributing anything. If you need the money, I'll buy you out."

Some would argue that capitalism doesn't thrive by protecting the weak. But capitalism *does* thrive by protecting orderly markets. Moreover, a further consideration arises. Corporate financial officers, like other traders, try to buy shares at the most opportune time. To the extent that they are better able to spot market inefficiencies, their use of this knowledge sets up something of an adversary relationship with the selling shareholder, the same one this repurchase program is supposed to benefit.

There is little evidence that corporations systematically outdo the market in buying their own stock, but supporters of share repurchase programs can't have it both ways. If a corporation has no advantage in timing the purchase of its stock, then why is this activity an effective use of the time and skill of so many high-priced corporate officers?

Make no mistake; a great deal of effort does go into such programs. Early in the game, corporations learned that since they were committed to buying back shares anyway, it might pay to sell put options. By writing a put, which means assuming an obligation to buy a certain number of shares at a stated price within a given time, corporations can earn extra revenue if the stock never falls to the stated price. The option would expire unexercised, and the corporation would simply earn the premium. During bull markets this practice has been highly lucrative. But markets move both ways, and it is not unknown for companies to find themselves obligated to pay well over the market value of their securities.

Consider what happened to Intel in 1998, when the highly cyclical market for semiconductors turned down and Intel's stock followed for a while. These historical figures are excerpted from Intel's annual report for the year 2000:

	Repurchase & Retirement of Common Stock (per cash flow statement in millions)	**Repurchase & Retirement of Common Stock** (per statement of stockholders' equity in millions)
1998	$(6,785)	$(5,586)
1999	$(4,228)	$(4,228)
2000	$(3,511)	$(3,511)

The figures in the right-hand column show the amount of stock repurchased based on market value on the date of purchase. The figures in the

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left-hand column show the cash required to make the purchases. In 1999 and 2000 the two columns are the same, but in 1998 Intel apparently had to pay $1.2 billion over the market price to acquire its own stock. This exceptional expenditure, which by orthodox accounting practice doesn't reduce earnings, attracted little notice from financial analysts or the press — despite the fact that Intel has one of the highest profiles among publicly traded companies. Intel is also a highly ethical and open company. It probably could have cleverly disguised at least some of the additional costs incurred in its put option program but chose not to do so. On the statements of many public companies, the stock repurchase data are so opaque that it would be difficult to have the same certainty that all the costs were fully disclosed.

There is another reason that stock repurchases fail as a substitute for dividends. Approximately half of the stock that has been bought back over the past 15 years has not been permanently retired, but rather is used in the exercise of employee stock options. In effect, that reduces the "payout" to shareholders by half. Of course, that's an average; some firms' payout would be far more or less. The real problem, with regard to any particular investment, is the enormous complexity of finding out. In this sense, dividends and repurchase plans could hardly be more dissimilar. A shareholder can quickly look up the record of dividend payments in publications from Moody, Standard and Poor, Value Line, or others. But to ascertain the cumulative effect of share repurchase programs on his own equity position, it is difficult for a shareholder to know what to look for, much less to know where to find it.

Corporate management, of course, studies this information closely. Stock option plans are often modified, and options are occasionally repriced to allow executives to buy stock more cheaply when the market has been adverse. Moreover, it has surely occurred to option holders that they stand to gain much more if the company does not pay dividends. How much more? Take a look at the stock options analysis in many proxy statements and you'll see a line like this for the CEO:

Number of securities underlying option:
600,000

Potential value, after seven years if stock appreciates at a rate of:

5%	**10%**
$17,000,000	$42,000,000

It's interesting that the boss gets an extra $17 million even when the stock underperforms the historical average (about 8 percent). But note how much more the options are worth if the stock outperforms the averages by a little. Now suppose instead that the stock had achieved that 10 percent return, half by capital appreciation and half by the payment of a 5 percent dividend each year. In that case the options are still worth the lower of the two figures

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above. The boss could have exercised the option earlier and received the dividends, of course, but that's just another way of saying that the options' time value has been vastly reduced. If, in other words, the issue is between repurchase plans and dividends, the former alternative hardly needs the extra boost it gets from current tax law.

The tax laws also favor other complex corporate arrangements over the simple common stock dividend. Using "trust-preferred securities," a company can form a subsidiary that issues preferred stock that pays a fixed amount regularly. The subsidiary in turn loans the proceeds from the stock to the parent corporation. The parent deducts the interest on the loan, whereas if it had issued preferred stock directly, it could not have deducted the dividend payments. Debt rating agencies don't consider these shares exactly as loans either, because the ultimate investor — the preferred shareholder — doesn't have the same legal rights as a borrower.

Variations on this device have been utilized by banks, utilities, and other companies — including, of course, Enron, which apparently had plenty of reasons for wanting to treat loans like assets. In fact, the IRS contested Enron's use of the trust-preferred device in 1996, but it lost. After that, hybrids proliferated even further. The instruments have imaginative names, such as "dividend-paying convertible debt," "convertible preferred shares," "stock appreciation-tied principal securities," and "tax advantage preferred securities." Besides the MIPS (monthly income preferred securities) discussed above, they have even more imaginative acronyms — ELKS, PERCS, DECS, ACES, QUIPS, and about 40 more.

Many of these hybrid securities seek, in various fashions, to convert equity-like rewards into debt so that the corporation can deduct the payments as interest. Some are debt instruments with mandatory conversion into common stock at the end of a fixed period. Often, the security is created by a third party, usually an investment bank, that has no fundamental connection to the underlying corporation. This game may be highly profitable for the investment bankers who underwrite all these securities and the brokers who sell them. For everyone else, it's a heck of a way to run a railroad — or any other industry.

Reform

THE PROPOSAL ADVANCED here is to amend the tax code in two respects: First, to report the amount of tax already collected on earnings paid out as dividends. Second, to credit individual taxpayers with that tax — or at least as much of it as budgetary and political considerations permit. (It would also make sense to increase the already existing credit on intercorporate dividends.) Similarly, state income taxes should be credited by some offsetting amount of state income tax paid by the corporation itself, even if paid to a different state. This is consistent with other cred-

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its that states grant to taxpayers who have paid taxes in another state.

Two other means of ending the double taxation of dividends are usually put forward. So the first question is why this proposal is superior to them. The two better-known alternatives are:

- Tax dividends at the shareholder level just as they are now, but allow corporations to deduct the dividend payments from their own earnings, just as they do with interest payments.
- Eliminate the shareholder tax on dividends entirely, but assure that an adequate tax on earnings is paid by the corporation.

The main problem with the first alternative is that equity and debt are still two different things. The contractual promise to repay money at fixed times and fixed rates is clearly a cost of doing business. It's a stretch to say the same of dividends, which are solely at the firm's discretion. Treating dividends as a business expense would have the unintended consequence of making the shareholder even less like the owner of a business than he already is. There is a tendency for strongly entrenched management to run the business for its own benefit rather than for the shareholders. That tendency shouldn't be exacerbated.

The second alternative — eliminating the shareholder tax entirely — appears in most of the flat tax plans. Since that proposal is usually coupled with a similar treatment for interest payments, it too has the defect of obscuring the differences between debt and equity. But beyond that, the proposal has never drawn an effective political constituency. Too many voters believe that large corporations would still manage to avoid the dividend tax at their level. Others are simply uncomfortable with the notion of "passive" income remaining free from taxation — while salaries and wages are not. Indeed, until 1982, the highest marginal rate on dividend income was 70 percent, while the highest rate on salaries had already fallen to 50 percent.

Taxes should raise the amount of revenue necessary in the most "market-neutral" method unless there is a conscious and compelling reason to deliberately alter market forces through tax policy. The double taxation of dividends is anything but market-neutral. It clearly favors either internal financing of corporations or external financing by means of debt over external financing by means of equity. The corporate tax credit approach suggested here would adjust tax policy to better fit investor preference.

When a startup company is making little or no profit and can't afford to distribute money to shareholders, any dividends it did pay would carry a very high tax at the shareholder level (because there would be no offsetting credit). When the shareholder received a 1099 showing how much tax he had to pay on those dividends (compared to shares he owns in more profitable companies), he would see this as a highly questionable payout. Just the reverse of this dynamic would occur if the corporation were extremely profitable. Firms that retained their shareholders' money when it could be

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paid out with little additional tax consequence would need a strong reason for that action. Theoreticians who believe that dividends ought to be useful signals from management to their shareholders should be pleased with both of these effects.

Beyond the change in reporting requirements, the tax reform proposed here is preliminary and would need to be refined. For instance, should shareholders of private corporations, even those corporations which can elect to be taxed as partnerships, be entitled to a dividend credit? Should the tax treatment of real estate investment trusts (REITs) and private investment companies be altered? Are there circumstances under which dividend tax credits could be carried forward? The first step in addressing any of these questions is to acquire better raw data.

According to the Bureau of Economic Analysis, dividend payments constituted 4.6 percent and 4.75 percent of current income in 1999 and 2000, respectively — a percentage that has been fairly constant over the past decade. The BEA estimated dividend payments for the two years at $343.5 billion and $379.2 billion. If the reporting requirement proposed here were put into place, it would be much easier to obtain accurate data on the portion of these dividends that are actually double-taxed. How much dividend income flows to tax-deferred accounts? How much income flows from entities such as REITs, which are not taxable at the corporate level?

When we know how much revenue is really produced from double taxation, practical decisions can be made as to how large a dividends-paid credit can be put into place. Considering that a substantial credit would almost certainly encourage larger dividend payouts, it is conceivable that the credit could become revenue-neutral. In any case, other adjustments to corporate taxes could compensate for any revenue loss.

No matter how sound the policy arguments are for tax reductions, they are often derided as smokescreens. Opponents say that the real motivation is to lower taxes for "the wealthy." No doubt that would be said of a dividend tax credit as well. But there will be a growing political constituency for dividend reform as baby boomers move from the accumulation stage to the distribution stage. More investors will want stable returns without making traumatic decisions to sell securities, which can feel uncomfortably like eating the seed corn.

Finally, a dividend tax credit would get government out of the business of favoring one investment approach, which hasn't proved demonstrably better, over another. Just as that government is best which governs least, so that tax policy is best which has the least impact on the operation of the capital markets. Because of the double taxation of dividends, whole subsets of arcane corporate policy have evolved. If more current profits are paid out to the owners of the corporations, the market will be more diverse and more able to effectively decide how to redeploy that money.

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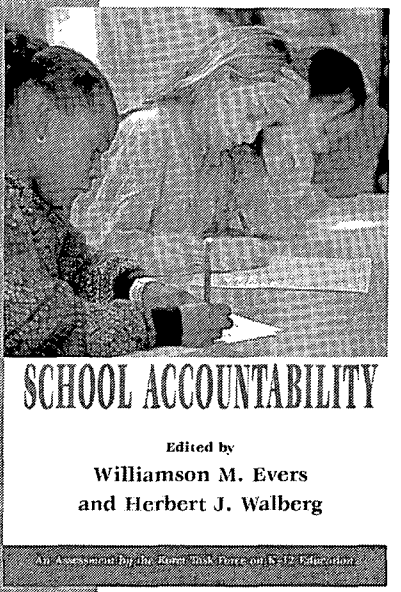

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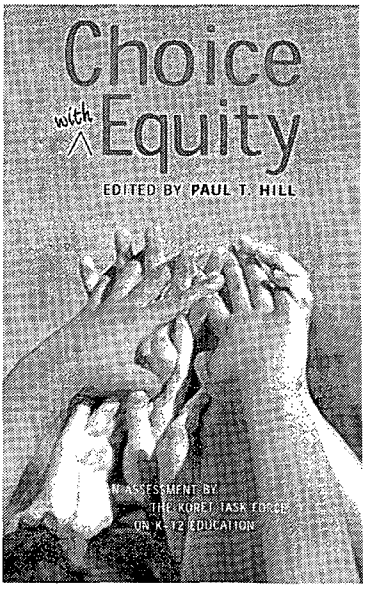

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An Open Letter to Lawrence H. Summers

From CHESTER E. FINN JR.

Dear Larry,

YOU BEGAN YOUR HARVARD PRESIDENCY with promising hints that you might reverse the intellectual, moral, and political drift of America's most prestigious campus and thus bring a much-needed example of principled leadership to higher education in general. But as we both know, the reform spirit does not sit easily with the modern university. You have already been sharply challenged and harshly criticized. A lot depends on whether you stand up to it or give in. Giving in is, of course, what most people expect.

Yes, I'm a disgruntled alumnus, much rankled by Harvard's three-decade slide toward political correctness, neo-racialism, and mediocrity. Since the late Nathan Pusey stepped down as president — after being mau-maued by unruly students and forsaken by much of the professoriate — your predecessors in Massachusetts Hall have been appeasers, pacifiers, and fundraisers, not education visionaries or principled leaders.

When you arrived — former wunderkind economist with plenty of brains, a reputation for feistiness, and solid experience in Washington-style politics — you made the right noises. Your inaugural address on October 12 was not the usual porridge. You pledged Harvard to pursue the truth "first

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Chester E. Finn Jr. is a Hoover Institution distinguished visiting fellow and president of the Thomas B. Fordham Foundation.

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and last as an end in itself." In Pusey's time, such a statement would not be worth remarking. But in today's academic environment — where some research topics are taboo, some teachings are protested because their content makes people antsy, and some scholars don't get hired or tenured because their take on truth goes against the grain — this is an important doctrine to reestablish.

You went further. You declared that "the university is open to all ideas, but it is committed to the skepticism that is the hallmark of education." Another commonplace in Pusey's day, perhaps, but bold defiance of current reality on many campuses, where some ideas are shunned entirely and others sanctified without critical examination.

Affirmative action, as you well know, is code for double standards that suit some political or social purpose.

You tweaked the pieties of political correctness: "Our special obligation is to seek . . . not what is popular or . . . conventionally believed, but what is right and in the deepest and most rigorous sense advances our understanding of the world."

You also asserted yourself on the quality of undergraduate education: "We must . . . press them to the highest standards of intellectual excellence." Harvard, as you knew in October and as the world knows now, has a king-sized problem with its academic standards for students. But imagine "pressing" today's collegians, especially on an elite campus! It would, for most, be the first time anyone did anything but cosset, praise, and indulge them.

You took a swipe at relativism, the core doctrine of modern academic discourse. You averred that the "torch of truth" is borne "when we promote understanding — not the soft understanding that glides over questions of right and wrong, but the hard-won comprehension that the threat before us demands." The notion of "right and wrong" has not been welcome in the 02138 zip code for a long time.

You even tipped your hat to patriotism, though many in your audience surely gulped. No, you did not use the P-word, but, speaking a month after the September 11 attacks, you approvingly quoted FDR's statement that "It is the part of Harvard and America to stand for the freedom of the human mind." Not Harvard in opposition to America — the standard post-Vietnam formula — but Harvard *in league* with America, both supporting freedom. And you said something else: You spoke of "honor[ing] those who defend our freedom." It's been ages since Harvard did any honest honoring of men and women in uniform.

What you didn't say was important, too. Though you spoke earnestly of inclusiveness and diversity, you never used the phrase "affirmative action," an omission swiftly noted by the scrutinizers of politico-academic tea leaves. Affirmative action, as you well know, is code for double standards, the prac-

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tice of picking or rewarding one person over another despite the fact that he/she isn't as good, so long as the selection suits some other political or social purpose. "Diversity" can mean something quite different, at least when pursued in tandem with a stern commitment to the "highest standards."

It was, in sum, a strong talk. As with any inaugural, however, the question is whether it was just talk or a summons to action.

THE OPPORTUNITIES for action — and challenges to your mettle — did not take long to arrive. September 11 rekindled the ROTC issue, on which Harvard's present policy is truly squalid. This sharpened the contrast between following academic fashion and honoring those who defend the nation. Then, in October, the *Boston Globe* broke the story of Harvard's grade-inflation problem, the premier symptom of slack academic standards for students. And by January, you were embroiled in a high-visibility tiff with Cornel West and several other prominent professors of Afro-American studies, a contretemps that touched on several issues but at heart tested whether you would pledge your troth to their version of affirmative action.

Those aren't the only sticky issues you've addressed. There's been the prolonged fuss about underpaid blue-collar employees at the world's wealthiest university — which occasioned a lengthy office sit-in by student activists during the final months of Neil Rudenstine's limp tenure as president. (The workers will now get a raise; the students have been warned not to "occupy" any more buildings.) There's been your effort to revamp Harvard's stodgy faculty selection practices, notably the tendency to settle for scholars so senior as to have outlived their productive years. There was your search for a new dean for the school of education. (It looked for a bit as if you might make an unconventional choice, but you opted for another predictable ed-school type, a worshipper of John Dewey.) There was even your effort — shocking in student eyes — to admonish undergraduates engaged in community service that they should go heavier on good works than political activism.

Those are all worthy projects, some of which will win you no friends in the short run. But you warned in your inaugural that friend-making isn't your foremost interest: "Much as I admire the movie *Love Story*, I don't believe that being president means never having to say you're sorry."

What you could not have realized at the time was how many times you would find yourself saying "sorry" in the months to come. Worse, as you've been finding out, there's "sorry" and there's "sorry" — and then there's the academy's variant, which Cornel West & Co. were keen to teach you. One version was perfected by Bill Clinton, whom you lengthily served in Washington. It involves biting one's lower lip, feeling another's pain, and apologizing for some past action — usually someone else's action — against a group whose present approval one seeks.

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A different "sorry" is associated with one's own bold actions, as in the adage that "It's easier to ask forgiveness than to seek permission." The need for it most often arises when one does something without the advance approval of every affected party or interest, breaking a little china to attain a worthy end.

Are you more lip biter or china breaker? It's easy to flag the issues that will put your leadership to the test. These are matters of the greatest import to Harvard's future — with the long shadow it casts over all of U.S. higher education. The acid tests will be your handling of ROTC, grade inflation, and affirmative action. For they evoke the three big ways that our universities slid off the road in the 1960s and 1970s: the rejection of all things patriotic, as the academy's hatred for the Vietnam War fed an animus toward America itself; the decay in academic standards as students were indulged and forgiven when they rebelled against authority and demanded to be rewarded more for doing less; and the sundering of the campus into self-absorbed enclaves, identifiable by race, ethnicity, gender, or sexual preference, each devoted to studying (only) its own "culture" and adamant that the university's resources — from budgets to student places to faculty berths to dining hall provender — be divvied up according to intricate calculations of proportional (or disproportionate) shares, unburdened by any uniform standards, concern for the common good, or shared definition of truth.

Those three challenges don't exhaust the list of ailments besetting the modern university, but they're among its most acute symptoms. They're also laden with politics and emotion and thus precisely the sorts of issues that today's prudent campus head shuns. No wonder presidents often settle for raising money, adding recreation centers for students and air conditioning for professors, lightening the teaching load, placating the graduate faculties with deans just like themselves, extending the vacations, sweetening the curriculum with more trendy electives and fewer core requirements, and cheering the football team, not to mention women's lacrosse.

HARVARD'S INVOLVEMENT with ROTC began during World War I. According to John Bethell in *Harvard Observed: An Illustrated History of the University in the Twentieth Century* (Harvard University Press, 1998), the university "mobilized a 'Harvard Regiment,' formed in January 1916, with more than 1,000 members, that became the first unit of the Army's new Reserve Officers Training Corps." Bethell's book includes a photo of that crimson horde marching along Boston's Columbus Avenue as part of a "preparedness parade" in May of that year. One of your eminent predecessors was directly involved: "President Lowell invited 6 French disabled officers to come to Harvard to train the Regiment."

A decade later, Navy ROTC set up shop in Cambridge, to be joined after World War II by the Air Force. As on other campuses, the military paid for student scholarships — including my roommate's in the early 1960s — in return for students' taking special ROTC courses, drilling on Monday after-

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noons, and agreeing to serve on active and reserve duty for a stated number of years after graduation.

That arrangement continues today on hundreds of campuses, including Princeton, Berkeley, and Duke, but not at Harvard. The faculty withdrew "academic and curricular status" from ROTC in 1969 after that year's student "strike" — the famous occupation of University Hall by radical students (and their infamous support by radical professors). It was the heyday of campus opposition to the Vietnam War and nervousness about the draft. The faculty had already denied academic credit for military science courses. Now the Harvard Corporation was prevailed upon to redefine ROTC as a wholly extracurricular activity and cancel the faculty appointments of the military instructors. This violated federal law, which required that the head of an ROTC unit hold professorial rank and that the program not be consigned to extracurricular status alongside the glee club and yearbook. So Harvard's ROTC units were disbanded. Pentagon dollars continued to flow for ROTC scholarships but recipient students were now obliged to travel across town to MIT to drill and take their "non-credit courses." Harvard paid MIT for training them.

The true tests of your leadership will be your handling of ROTC, grade inflation, and affirmative action.

This began the period of Harvard's deeply hypocritical ROTC arrangement: an under-the-table passing of Defense Department money to the university for student financial aid even as Harvard disavowed all association with, and legitimacy for, the training of military officers.

That arrangement lasted for two decades, until the issue of homosexuality in the military arose. Soon after Bill Clinton imposed his "don't ask, don't tell" policy, another faculty committee harrumphed that "use of Harvard's general purpose funds to subsidize participation in an activity that excludes gay, lesbian, and bisexual students solely on the basis of their sexual preference violates Harvard's non-discrimination policy and should be discontinued." Accordingly, while students could continue taking the subway to MIT for ROTC if they wished to, no Harvard dollars would subsidize them. In an exquisite act of disingenuousness, your predecessor quietly appealed to patriotic alumni to contribute to a restricted off-the-books fund — the "Friends of Harvard ROTC Trust" — that now collects some $140,000 a year to underwrite the costs of the fewer than 50 Harvard undergrads who, against all odds, still participate in ROTC.

The faculty, of course, voice no moral or ethical qualms when accepting sizable Defense Department grants — some $16 million in 2000 — that flow into the university's till to support their own research. As one newly commissioned second lieutenant remarked upon his graduation, "Harvard's principles go only so far."

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An animated student council voted in 1999 to bring ROTC back onto campus, but the dean of students promptly assured the Bisexual, Gay, Lesbian, Transgender, and Supporters Alliance that "the Harvard policy is unlikely to change any time soon." Said a university spokesman not long after September 11, "We're comfortable with the current arrangement."

You, meanwhile, have sent mixed signals. Besides your inaugural remark about honoring those in uniform, you've said, "We need to be careful about adopting any policy on campus of non-support for those involved in defending the country. . . . Every Harvard student should be proud that we have in our midst students who make the commitment to ROTC." You've voiced doubts about the "unorthodox accounting" by which Harvard students' participation in MIT's ROTC program is paid for. You even wrote a Veterans Day letter to "Harvard Cadets and Midshipmen" stating that you "and many others deeply admire those of you who choose to serve society in this way." On the other hand, this past winter you told a group of students that, in light of campus objections to the Pentagon's policy on homosexuality, it would be hard to "impose a more transparent arrangement" on Harvard's relationship with ROTC. You sound as if you might like to do that but aren't sure it's worth the fuss. Alas for you, you inherited a clear policy that's politically correct and morally wrong. You either keep it or you change it. Especially after September 11, it's pious hypocrisy to talk about honoring those in uniform while fastidiously refusing to let a single Harvard penny — or a single faculty appointment or course credit — go toward preparing people who wish to wear that uniform.

Harvard, meanwhile, gives official status (and use of its facilities and other subsidies) to such groups as the Peer Contraceptive Counselors, Students Against Government Executions, the Harvard Islamic Society, and the Harvard-Radcliffe Juggling Club. It confers degree credit for courses on "Haiti and Haitian Vodou," "Celtic Paganism," and "Sexing Victorian Fiction." As for accepting money from dubious sources, as William Bennett has reminded us,

> The bin Laden family has endowed fellowships at Harvard valued at several million dollars. And yet ROTC is not welcome at Harvard. Harvard has been willing to make distinctions and defend the bin Laden family's money, citing their disowning of the terrorist mastermind.
>
> Harvard has not, however, seen fit to make any distinctions to defend ROTC. When ROTC is not welcome at Harvard, but bin Laden family money is, we are witnessing moral confusion.

HARVARD IS CERTAINLY not the only university with a grade-inflation problem. A recent study by the American Academy of Arts and Sciences — led by Harvard economist and former dean Henry Rosovsky — reviewed much research on the topic, all of which comes to the same conclusion: "[G]rade inflation began in the 1960s and

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continued through, at least, the mid-1990s." According to one multi-campus study, A grades rose from 7 to 26 percent from 1969 to 1993, as C's fell from 25 percent to 9 percent. By the mid-1990s, the average college grade was in the B range and fewer than 20 percent of students received marks lower than B-minus.

Meanwhile, SAT scores fell, remedial courses proliferated, and employers began to grumble that today's bachelor's degree does not signify much by way of true skills and knowledge.

The Rosovsky report says "grade inflation appears to have been especially noticeable in the Ivy League." At Princeton, by 1997, 42.5 percent of all grades were in the A range; at Dartmouth, in 1994, the corresponding figure was 44 percent.

Harvard, however, seems to have frosted this cake. Days before your inauguration, the *Boston Globe's* Patrick Healy informed the world that 51 percent of all Harvard grades in 2000-2001 were A's and A-minuses and that 91 percent of students in the class of 2001 had graduated with "honors." Which meant, of course, that, in the words of Teachers College president Arthur Levine, "Harvard has done away with true honors." Rosovsky commented that "Honors at Harvard has lost all meaning." (In 2001, 20 percent of Stanford seniors graduated with honors, as did 28 percent at Duke, 8 percent at Cornell, 25 percent at Columbia, and 44 percent at Princeton.)

The change over time has been stunning. The *Globe* says just a third of Harvard graduates earned "cum laude" or better back in 1946. I recall about half my classmates graduating with honors in 1965.

Nobody denies that Harvard's grade inflation has worsened. Undergraduate education dean Susan Pedersen reported in November, on behalf of the faculty committee on educational policy, that it "has become a serious problem . . . and that steps should be taken to combat it." A-range grades rose from one-third to one-half in just 15 years, as grades below B-minus shrank to fewer than one in ten. The "gentleman's C" of yesteryear has become a "gentleman's B-plus."

Various explanations are offered. Professors naturally favor such benign accounts as Pedersen's suggestion that higher grades are an "unintended but understandable consequence of closer involvement by faculty with students." Postmodernism itself gets invoked through the suggestion (also Pedersen's) that "a shift in our pedagogical aims away from a mastery of a fixed body of work and towards interpretive ability may be making grading more difficult." Rosovsky and his colleagues at the Academy of Arts and Sciences suggest multiple theories: student evaluations of professors, with attendant pressure on faculty to cater to students' lust for high grades; an influx of faculty members more concerned with "student development and protection" than rigorous assessment; the loosening of graduation requirements, making it easier for students to avoid demanding courses — and to withdraw midway from any that turn out to be tougher than expected; the

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dilution of course content, making classes easier to ace; and funding arrangements that have left most universities dependent — via tuition income or state formulas — on keeping their enrollments up, which means catering to student desires.

Harvard has not had to worry about its enrollment numbers, but it surely manifests those other traits, as well as — another Rosovsky explanation — a continuing Vietnam hangover. Fear of the draft made it doubly important for a student to remain in good standing, one whose draft board would not question his academic bona fides and who also stood a strong chance of being admitted to graduate school and thereby maintaining his student deferment. Campus protests associated with the war left professors guilty or cowed, reluctant to assert power in so confrontational a way as conferring low grades. And student strikes and boycotts sometimes made grading a joke. Rosovsky recalls that "At Harvard — to cite just one case — students were allowed to designate *ex post facto* whether they preferred a letter grade or pass-fail. The effects of this decision on GPA's are obvious."

Having striven to enroll more "students of color," universities dared not flunk them or make them appear less successful.

The *Globe's* Healy put it more vividly: "Vietnam-era draft boards panicked Harvard students and teachers, so that inflated grades became the moral equivalent of opposition to the war, helping prevent all but 19 Harvard College men from dying in Southeast Asia." He notes that 1969, the year the students "occupied" University Hall (until Pusey called the cops to evict them, thus dooming his presidency), "was the defining moment in grade inflation: SAT scores for entering freshmen fell for the first time in years, yet the proportion of A's and B's shot up by 10 percent and the rate of honors continued climbing sharply."

The most provocative explanation for grade inflation, albeit one rejected by Rosovsky, Pedersen, and most other academics, including your predecessor Derek Bok and William Bowen in their defense of affirmative action, *The Shape of the River* (Princeton University Press, 1998), is that easier grading also accompanied greater student diversity. Having striven to enroll more "students of color," sometimes by making exceptions to customary admissions standards, universities dared not flunk them out or produce grading patterns that made them appear less successful than their peers.

Harvard students know they're having an easy time of it. Healy opened his *Globe* expose by quoting Trevor Cox '02, who led the university's far-flung student volunteer program. "I've coasted on far higher grades than I deserve," Cox said. "It's scandalous. You can get very good grades, and earn honors, without ever producing quality work."

As for the honors travesty, inflated grades don't tell the full story. Harvard

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has long regarded any sort of B as worthy of "honors," and, as we have seen, few grades are lower than that today. Until 1961, however, one at least had to earn B-level grades within one's major subject, which meant taking multiple courses of ascending difficulty within a single discipline and writing a senior-year "honors thesis" in that field. Responding to student demands for greater curricular flexibility, however, the faculty voted to permit honors in "general studies," meaning that an overall B average — whatever the courses — would justify "cum laude" on one's diploma. Honors instantly rose by 7 percent. Today, a quarter of all honors diplomas have nothing to do with honors in one's major — or with slaving over a thesis.

When it comes to grading practices and graduation honors, Harvard is now the laughingstock of American higher education. All sorts of committees are struggling with what to do. So, one hears, are you. But it won't be easy to change. Not only is the expectation of high grades now built into the student culture. It has suffused the faculty, too. The *Crimson* reported that, as recently as January 15, the history department's "head tutor" e-mailed professors to go easy: "Events throughout the fall, starting with September 11, have been distressing for everyone. . . . [D]espite the recent hullabaloo over grade inflation, this is not the semester in which to crack down."

POLITICALLY KNOTTY as it is, grade inflation is a simpler problem than racialism on campus. Nobody makes a principled case for higher grades; you can even find professors and students who disapprove of the practice. But affirmative action has wrought subtler and more pervasive corruptions to the search for truth and the maintenance of standards. Its entanglement with academe goes far beyond your dust-up with the now-departing Cornel West and his colleagues, reaching to the moral underpinnings of major contemporary institutions, which, Shelby Steele has perceptively noted, risk the loss of "mainstream legitimacy unless white guilt defines their approach to racial matters."

You began by holding a well-warranted and much-reported woodshed session with West, a celebrity professor who has done little in recent years to justify his lofty academic title and handsome salary, and whose shenanigans in politics (Al Sharpton's campaign) and pop culture (a "rap" record, a self-adoring website) raise doubts as to whether he is any sort of academic at all. Critics such as Leon Wieseltier assert that he's never written anything of scholarly value. Linguist (and African-American) John McWhorter says that "rap is not scholarship. Nor is putting one's arm around a hustler like the Rev. Sharpton." West is also a famously easy grader of students, who typically don't see much of him due to his frequent jettings about for well-paid speeches, black consciousness events, and political activity.

He is, however, accustomed to guilty white liberals — especially Harvard presidents — kissing his ring, enlarging his empire, and seeking his approval. At first, you didn't do that. Instead, you rebuked him. You spoke the truth to him. By his lights, you dissed him. And all hell broke loose. Al Sharpton

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and Jesse Jackson vowed to come to Cambridge to "mediate." Princeton slid in with tempting offers to West and two of his colleagues in Harvard's Department of Afro-American Studies. The media enjoyed a feeding frenzy. (It's so rare these days for university presidents to do anything ink-worthy other than raise more money than ever before.) Seeking to trade on the racial guilt that surely you must have been feeling, Harvard's "Latino studies" professors averred that you had shown yourself insufficiently sensitive to the university's need for a full-fledged academic program of their own. It was, wrote Stuart Taylor in *Slate* magazine, a "feast of victimology."

Then you said you were sorry. Not, alas, for having taken bold action on behalf of high principle, but sorry for the misunderstanding. For the communications problem. For not having made clear the depth of your commitment to diversity. Sorry that such giants of the faculty were even considering a move to Princeton, and determined to do all in your power to keep them in Cambridge. Sorry for not letting the Latino studies faculty know sooner of your openness to the center that they covet.

The greatest threat to any university is balkanization into covetous, warring tribes organized by race, gender, and national origin.

But then, probably to your surprise, you got slammed again, not only by commentators on the right who were dismayed by your apology but also by West and his allies, who allowed as how sorry wasn't enough, such slights would not be forgotten, and everyone would be watching to see what you did next. They were bent on teaching you a real lesson: In today's academic politics, neither standard version of "sorry" will suffice. Indeed, such apologies worsen the problem by showing that the usual pieties can pierce your armor. This ups the ante, daring you to make amends, to engage in something akin to reparations. Never mind that your only offense was uttering a few blunt words on behalf of truth, standards, and traditional academic values.

In any case, West and his colleague Anthony Appiah are now headed for New Jersey. Are you secretly pleased to be rid of them? I hope so. But which lesson have you learned for the future? The one that West & Company seek to impart or the perceptive one noted by Fareed Zakaria when you transited from Washington back into academe: "In Washington, a politician's primary worry is an attack from the far right. At universities, it's the opposite. The right barely exists. . . . On campus, the killer bees are all on the left. . . . One may bemoan this state of affairs . . . but this is the institution as it exists. You must know it to change it."

Changing or appeasing it — there's your only real choice. Either will test your political adroitness. But appeasement will win you the cynical fawning of campus factions, while change is what Harvard — and American higher education — most needs.

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In the short run, appeasement brings peace. In the long run, it exacts a high price in quality and integrity. And in the long run those are the twin pillars on which Harvard's lordly reputation rests. All else — fame, money, alumni loyalty, peer envy, the freedom to select almost any student or professor, international influence, the ability to have the Marshall Plan announced from your commencement platform, etc. — stems from the belief that Harvard is the gold standard. Dent that conviction and you begin to erode Harvard's dearest asset. Then everything else will teeter.

You know full well that double standards are an affront to quality and that the greatest threat to any university's integrity, even Harvard's, is its balkanization into covetous, warring tribes organized not by discipline or profession but by race, gender, sexual preference, and national origin. None of the values you espoused in your inaugural can thrive in so poisoned an environment. Yet that is what the affirmative-action crowd wants you to do: pledge yourself to divisiveness rather than diversity. And that is what you seem to have done, when you recently assured a journalist that you favor Bok-and-Rudenstine-style affirmative action, including "the consideration of race" in admissions decisions.

Harvard's situation is different from that of most American campuses. It has long enjoyed the luxury of choosing among hordes of "fully qualified" applicants and many decades ago foreswore the practice of taking only those with the loftiest test scores and grades. In the bad old days, that meant keeping spaces for WASPs and not letting in too many Jews. In my day, diversity meant ensuring that the football team had a quarterback, the orchestra had an oboist, and graduates of ordinary midwestern high schools were not shut out by those from Groton and Andover. Today's version of diversity demands students of every hue and background. At Harvard, though, they're essentially all "qualified" even if not the very best in the huge applicant pool.

Harvard's real affirmative-action challenge involves a different kind of double standard. The Cornel West episode illustrates it. Imagine a white professor going off to manage the campaign of Pat Buchanan or David Duke, as West did for Al Sharpton. Sure, tenured faculty members can get away with a lot, but in that hypothetical situation a presidential rebuke would not be nearly enough. Angry professors and inflamed students would disgorge gallons of white guilt and black outrage, demanding that you take firm action to end this affront to liberal values. West, by contrast, made *you* apologize. You may now be free of him, but there will be more like him ahead if you distill from this episode that you should make Harvard a safer place for people who behave like he did.

WHAT NEXT? You know that the literate world is watching. As Afro-American studies department chairman Henry L. Gates notes, "The president of Harvard has a tremendously powerful bully pulpit, and the symbolic power of his opinion is incalculable."

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Some expect that you, like your predecessors, will pander to faculty fashion, minimize student hassles, and behave like your counterparts on so many other campuses. You'll avoid rocking boats, or so they hope, and you'll defer the tough decisions, kiss the hand of political correctness, and be quick to apologize for any tremors in the hive of killer bees. Meanwhile, ROTC will remain out of sight and ROTC money off the books (even as bin Laden money stays in the endowment). When all the faculty committees have finished chewing over the grade-inflation issue, just about everyone will continue to graduate with "honors" and most transcripts will still be festooned with A's. The distinction between "diversity" and "affirmative action" will prove entirely meaningless, as you yield to the demands of Af-Am professors and compensate for the earlier dust-up by okaying a new department of Latino studies and sanctioning race-based admissions and hiring decisions. This is the future that many on your campus have in mind for you and that many in the wider higher education community take for granted.

But they can't impose that future on you. It's up to you. If you want to, you can lead Harvard out of its moral quagmire and clarify its murky standards, while demonstrating serious leadership for a nationwide higher education community that hasn't had any in years. You'll bring ROTC back to the Yard; admonish academic departments not to let their average student grade rise above B-minus; and salute pluralism of the sort that's firmly joined to a high, uniform standard and to the steadfast search for truth. You'll wave a tender farewell to Professor West as he leaves for New Jersey.

You will, in short, apply the principles voiced in your inaugural address to the challenges before you. Professors will yowl. Students will protest. Alumni/ae will be divided but most, I believe, would applaud. More important than the on-campus audience, however, you will know that you're doing the right thing. And America will be the better for it.

Sincerely,

CHECKER FINN
B.A. 1965, M.A.T. 1967, Ed.D. 1970

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BOOKS

A Contest of Brutality

By VICTORINO MATUS

ANTONY BEEVOR. *The Fall of Berlin 1945*. VIKING PRESS. 512 PAGES. $29.95

ONCE A YEAR, aging Red Army veterans who fought in the battle for Berlin gather in that city's suburb of Treptower Park, where some 5,000 of their comrades are buried. But as Jason Cowley of the *Guardian* reported, one local refers to it as "the site of the unknown rapist." No doubt there are others who share this sentiment: During that first year of Soviet occupation in 1945, more than 100,000 women in Berlin were raped. Combined with the German women caught in Pomerania, Silesia, and East Prussia during the mass exodus, the number of rape victims soars to roughly 2 million. Many of them subsequently committed suicide.

It is a subject not often broached in Germany and certainly not in the former Soviet Union. Many veterans of the Red Army have denied such activities as gang rape ever occurred. But with the passage of time, a harsh truth has come to light. And now, the whole story, with both German and Soviet perspectives, can be found in Antony Beevor's *The Fall of Berlin 1945*. The author first got the idea of a Berlin book while writing his bestselling *Stalingrad* (Viking Press, 1998). It was during this turning point in 1943 that he read about a Soviet colonel who, in front of German POWs, pointed at the surrounding rubble and screamed, "That's how Berlin is going to look!" That promise could not have been more menacing.

Close to half a million Soviet soldiers were killed during the Stalingrad campaign from September 1942 to February 1943. It was the farthest east the Third Reich would ever extend. Once Soviet forces had encircled Field Marshal Paulus's Sixth Army—an impressive feat that netted 90,000 German prisoners, including 22 generals—the Reich would forever be in retreat. It is this march, ultimately leading back to Berlin, that Beevor has chronicled. Along the way, he uncovers every possible type of atrocity, committed alike by the Nazis and the Soviets.

But it is the Soviet crimes that seem more disturbing. Perhaps this is because the evil deeds of the Nazi regime have been so well documented over the years. It comes to us as no surprise, for example, that the SS Einsatzgruppen units eradicated whole villages, forced captives to dig mass graves for themselves, and championed ethnic cleansing. (The Nazis murdered 1.5 million Soviet Jews in all.) But the crimes of the Red Army are not a subject of frequent discussion.

While it is widely known that the

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Soviets did their share of plundering, many will nonetheless be surprised by the extremely precise and often graphic accounts found in Beevor's book. This is partly because such authors as John Erickson, who wrote the once-definitive *Road to Berlin* (Westview Press, 1983), and William L. Shirer, who wrote the still-revered *Rise and Fall of the Third Reich* (Simon & Schuster, 1960), did not have access to all the records in the Soviet archives. But with the collapse of communism, a treasure trove was unveiled — and Antony Beevor took advantage of it, poring through thousands of documents at the Russian State Military Archives and at the Central Archive of the Ministry of Defense. Hence, we learn now of what the Russians found at Wolf's Lair and how the NKVD and SMERSH (Soviet counterintelligence) safeguarded Hitler's skull and cremated his already partially cremated remains, flushing the ashes down a sewer in Magdeburg, Germany, in 1970. Beevor also interviewed the survivors, the veterans, the civilians, and former prisoners, and he read their letters from the front.

From the moment the Germans invaded the USSR in June 1941, the enemies in the East were referred to as Untermenschen. It is this notion that Russians, Ukrainians, and others were subhuman that served as the pretext for mass murder.

The end result is a book that reveals a contest of brutality — of which side can outdo the other in terms of killing, human suffering, and a wide variety of sadistic acts. It was a murderous ending to the bitter relationship between fascism and communism. Both sides fought viciously in the streets of Berlin in the 1920s. But together, they helped topple the Weimar Republic. In 1939, Nazi Germany and the Soviet Union signed a nonaggression pact and found ways to aid each other in their imperial ambitions. Two years later, Hitler would break the agreement, severing the link between the two countries and their peoples — and setting the stage for a showdown between two of the most murderous personalities of the century.

From the moment the Germans invaded the USSR in June 1941, the enemies in the East were referred to as *Untermenschen*. It is this notion that Russians, Ukrainians, and others were subhuman that served as the underpinning or pretext for mass murder. Interestingly, the incidence of rape was not very high, since many Germans found the thought of sexual relations with subhumans to be wholly unacceptable. The only thing acceptable would be to kill them.

For soldiers in the Red Army, on the other hand, it was all about retribution: The Soviets were shocked when they found out what the Germans had been doing, particularly when they stumbled

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across Auschwitz and the other death camps. Then they learned that the Wehrmacht had been handing over Russian POWs to the SS, whose punishments, according to Beevor, included running as live targets for shooting practice. "Another punishment was known as 'Achtung!' A Soviet prisoner was made to strip and kneel in the open. Handlers with attack dogs waited on either side. The moment he stopped shouting, 'Achtung! Achtung!' the dogs were set on him." Equally disturbing were the horrendous medical experiments conducted by the Reich not just at Auschwitz (where 140 Polish boys were killed after being injected with carbolic acid), but also at the notorious Danzig Anatomical Institute, where soap and leather were made from corpses of Soviet citizens.

Soviet propagandist Ilya Ehrenburg pleaded with his comrades to "not count days; do not count miles. Count only the number of Germans you have killed. Kill the German — this is your mother's prayer. Kill the German — this is the cry of your Russian earth. Do not waver. Do not let up. Kill." Beevor relates the story of "a young SS soldier forced to play a piano for his Russian captors. They made it clear in sign language that he would be executed the moment he stopped." The man played for 22 hours, after which he collapsed in tears. The Russians congratulated him and then shot him. It is also no surprise then that rape, under such frenzied circumstances, was allowed to happen. Even young women in the Red Army had no remorse. "Our soldiers' behavior towards Germans, particularly German women, is absolutely correct!" exclaimed a young female soldier.

The sentiments were not limited to the *frontoviki*. Marshal Vasilevsky of the Third Belorussian Front said, "I don't give a f—. It is now time for our soldiers to issue their own justice." Which they did, rather generously. In some cases, a daughter, mother, and grandmother were raped one after the other. Many were raped multiple times. Meanwhile, other family members were rendered helpless. As one mother was being raped, her 13-year-old son tried to get the Russian off her. The soldier simply turned, shot the boy, and continued his raping. Beevor notes that veterans today will "admit to hearing of a few excesses, and then dismiss the subject as an inevitable result of war." Others are completely unrepentant. "Two million of our children were born [in Germany]," bragged one tank commander.

Eventually Stalin realized, via NKVD reports, that the "discipline problems" of his troops would make for a difficult occupation of Germany. And so an effort was finally made from the top to convince Germans that the Soviet Union meant them no harm. Of course the change in position had little effect on the ground. After all, the greater pressure facing Soviet generals was the capture of Berlin, which tended to overshadow issues such as the treatment of civilians. Stalin desperately wanted the city, since he was certain that Britain and the United States were negotiating a separate peace with the Nazis (who were themselves hopeful on that score). Reichsführer Himmler, in his delusional state, believed only he could bring peace to Germany as Hitler's true successor. Himmler, as

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head of the SS, even arranged meetings with representatives of the Red Cross and the World Jewish Congress. But the Allies had no intention of accepting anything short of unconditional surrender. Still, "[i]t was typical of Himmler's strange relationship with reality," says Beevor, "that his immediate preoccupation was whether he should bow to General Eisenhower or shake hands when meeting him."

Other units were desperate to cross the Elbe and surrender to the Americans. Indeed, those who were forced to surrender to the Soviets knew what lay ahead of them: the Siberian gulags. It was a fate shared by civilians as well.

The Red Army generals, for their part, were engaged literally in cutthroat competition, all of them eager to remain in Stalin's good graces. It was a rivalry that Stalin himself strongly encouraged. Marshal Koniev, for example, scored loyalty points for his ruthlessness in the infamous Korsun pocket. On February 17, 1944, retreating Germans just south of Kiev were pummeled first by Koniev's heavy artillery and then tanks that not only gunned down fleeing soldiers but also ran them over. Those who escaped either the shellfire or the tank-treads were treated to something even worse: the Cossacks. On horseback, writes Beevor, they "cut them down mercilessly with their sabres, apparently hacking even at arms raised in surrender. Some 20,000 Germans died that day."

The pressure, however, was on Marshal Zhukov. Most everyone, including Stalin, expected him to take charge of the Berlin operation. And his determination proved costly. In capturing the strategic Seelow Heights outside the German capital, Zhukov lost more than 30,000 troops while the Germans lost 12,000. (In the end, 78,291 Red Army soldiers were killed in taking the city.) Also in the race was Gen. Chuikov, famous for his street-fighting in Stalingrad. While some Germans, like the head of armament production Albert Speer, were hoping to keep the fighting in the outskirts of the city, Chuikov and his men were prepared for a battle block by block and house by house.

Which is exactly what it came to. German units, consisting increasingly of 14- and 15-year-olds in the Hitler Youth and 60-year-olds in the Volkssturm, were pushed back into the city center. The Nazis put up especially stubborn resistance at Gestapo headquarters, whose last defenders were actually members of the French SS. The main objective was the Reichstag. The Russians "eventually forced their way through to the main hall, only to discover German defenders firing down at them with panzerfausts [anti-tank weapons] or throwing grenades from the stone balconies. One of the attackers . . . vividly remembers the splattering of blood on the huge stone columns. The casualties were terrible,

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but the Red Army soldiers . . . began to fight their way up the broad staircases, firing from behind balustrades."

Other units were desperate to cross the Elbe and surrender to the Americans. Indeed, those who were forced to surrender to the Soviets knew what lay ahead of them: the Siberian gulags (the last German POWs were released in 1954). It was a fate shared by civilians as well — not only were men and boys shipped back east to replenish the labor supply, but also women and girls who "were marched off to the Soviet Union for forced labor 'in forests, peat bogs and canals for fifteen to sixteen hours a day.' A little over half of them died in the following two years. Of the survivors, just under half had been raped."

THERE ARE dozens of such statistics and hundreds of anecdotes in *The Fall of Berlin 1945* — too many to relate in one sitting. (One involves commanders in the Führerbunker whose only means of tracking the Soviet advance was by cold-calling numbers in the Berlin phonebook. They would ask the person on a particular street if he could see the Red Army from his window. It was clear they were doomed when they called a number and a Russian voice answered by saying, "Ivan is here.")

The enormity of human suffering is, in Beevor's words, "beyond the imagination of everyone who did not live through it, but especially those who have grown up in the demilitarized society of the post-Cold War age." Antony Beevor has made the best effort yet in distilling the darkest hours of the 20th century. It is a book with which both Germans and Russians will have to deal. For the former, it may be a reaction of relief—that finally they can talk about this other crime, left unspoken for decades. For the latter, the reaction to the book will not be as welcoming. But it is still a part of their tragic history they can no longer deny.

Worth the Cost

By ARNOLD BEICHMAN

DEREK LEEBAERT. *The Fifty-Year Wound: The True Price of America's Cold War Victory*. LITTLE, BROWN AND COMPANY. 768 PAGES. $29.95

'ON ALL GREAT subjects,' says Mr. Mill, 'much remains to be said' and of none is this more true than of the English Constitution." So Walter Bagehot opens his classic work on that great unwritten document. John Stuart Mill's words can apply equally to another great subject, one which dominated our world for at least half of the twentieth century: the Cold War between Us and Them. It's not that little has been said on this great subject. Just for the hell of it, I brought up that Kafkaesque internet search engine, Google, entered "Cold War" in the empty box, and in 0.09 seconds it reported 1.29 million "hits" — books, magazine articles, bib-

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liographies, archives on the Cold War. (In case you're curious: 1.9 million "hits" for World War II, 843,000 for World War I.)

And now we have another "hit": a mammoth, encyclopedic work — there are more than 400 items in Derek Leebaert's bibliography — on the Cold War and After. It is written entertainingly and with just the right cynical note about those mainstream historians who, since the Cold War ended on his watch, are trying to write President Reagan out of history.

WITH THE ONSET of the conflict, a school of Cold War historians arose determined to politicize the profession. And they have pretty much succeeded. Histories, like Leebaert's, that proclaim U.S. victory in the Cold War are rare. The revisionist historians claim that "nobody" won the Cold War or else that the United States "lost" it — yes, lost it. In fact, the Cold War's end created a unique dilemma among academic intellectuals. Everybody knows who won World Wars I and II. We all know who lost the war in Vietnam. We all know the war in Korea ended in stalemate (but at least South Korea still exists). And we know who won the Franco-Prussian War. We have never in recent times had a problem deciding who won a war — that is, not until the Cold War.

George Kennan, for example, announced in his memoirs published a few years ago, "Nobody 'won' the Cold War. It was a long and costly political rivalry, fueled on both sides by unreal and exaggerated estimates of the intentions and strength of the other side." Yet in 1969 he said, "The retraction of Soviet power from its present bloated and unhealthy limits is essential to the stability of world relationships." Kennan made this earlier statement when he was, as Leebaert describes him, "a ferocious Cold Warrior."

Here it is some three decades later: There is no Soviet power; its "bloated and unhealthy limits" have been retracted. There isn't even a Soviet Union. So then didn't the democracies win the Cold War? Didn't the once Soviet-satellitized countries of Central Europe and their Velvet Revolutions "win" the Cold War? When President Reagan in 1987 called on Soviet President Mikhail Gorbachev to "tear down this wall" and the Berlin Wall came down November 9, 1989 — the annus mirabilis — without bloodshed, followed by German reunification, wasn't that victory? Apparently not for Kennan.

Or for the University of Southern California's Ronald Steel, who offers this grudging verdict on freedom's bloodless victory over Soviet totalitarianism: "We have won a victory, of sorts." Of sorts! Would Professor Steel describe our triumph over Nazism as "a victory, of sorts"? Well, maybe we did win the Cold War, he writes, "yet this is an ambiguous victory." But what is ambiguous about it? The onetime "evil empire," as President Reagan called it to jeers from the liberal-left, is no more; democracy is alive where once dictators reigned. Where's the ambiguity?

There is even regret that the Cold War is over. Steel writes, "In its perverted way, the Cold War was a force for stability." Indeed. Uprisings in East Germany, Hungary, Poland, and

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Czechoslovakia; trampling of human rights; Afghanistan; Soviet support for the Yom Kippur war against Israel; the KGB everywhere; the Cuban missile crisis. Some force for stability. On the other hand, the Cold War was, he says, "dangerous, wasteful, obsessive, and at times irrational."

And then we have the words of our onetime president, Bill Clinton, who in a *Washington Post* interview (October 15, 1993) said, "We look back to that era now, and we long for a — I even made a crack the other day. I said, 'Gosh, I miss the Cold War.' It was a joke, I mean, I don't really miss it, but you get the joke."

Fritz Stern, a distinguished Columbia historian, in a 1994 *New York Times* op-ed article derided claims that America won the Cold War. "Without the thousands of dissidents in the Soviet Union and those in Poland, Hungary and Czechoslovakia who risked their lives to overthrow an everlying tyranny, we could not have prevailed and there would be no freedom in Eastern Europe," he argued. The "final collapse of Soviet tyranny, unlike that of Nazism, was brought about by indigenous forces." Professor Stern seemingly ignores postwar history. It was American leadership — Harry Truman's, not "indigenous forces" — that organized the Berlin airlift in 1948 (when Britain's Labour government was urging compromise with Stalin), that pressed the United Nations to resist the Communist invasion of South Korea, and that initiated the Marshall Plan. It was American leadership — Dwight Eisenhower's — that strengthened NATO and prodded hesitant allies in Western Europe to resist Communism. And it was American leadership — Ronald Reagan's — that instituted an arms program, including SDI, which brought (as Russian commentators have now conceded) the USSR to its knees. Without the tough-minded "Reagan Doctrine," the Soviet meltdown might have been a long time coming.

Operation Rewrite about the Cold War, in full swing for more than four decades, has produced books like *Losing Our Souls: The American Experience in the Cold War* (Ivan R. Dee, 1990) in which the author, the late historian Edward Pessen, argues that U.S. Cold War policy "was so grievously flawed that the United States may never fully recover from its effects upon our values, our freedoms, our politics, our security, the conditions of our material life, the quality of our productive plant, and the very air we breathe." Or an article in the *Chronicle of Higher Education* by Wade Huntley, assistant professor of politics at Whitman College in Walla Walla, Washington, containing this hallucinatory sentence: "Considering what might have been, the United States was the loser in the cold war, not the winner." Another academic work, *We All Lost the Cold War* (Princeton University Press, 1994), argues that the policy of deterrence prolonged the conflict.

Among Russian spokesmen, however, there is no question as to who won the Cold War and why. Vladimir Lukin, Boris Yeltsin's foreign policy adviser, and Aleksandr Bessmertnykh, a onetime Russian foreign minister, both agree that the United States won the Cold War. Arkady Murashev, formerly

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Moscow's police chief and a leader of democratic Russia, was quoted in the *New York Review of Books* (December 19, 1991) as saying about President Reagan, "He called us the 'Evil Empire.' So why did you in the West laugh at him? It's true." Andrei Kozyrev, Russia's onetime foreign minister, told the *Los Angeles Times* (November 15, 1992) that "the Soviet Union had really been an evil empire." He compared the "mass crimes" under the Soviet dictatorship to the revelations about the Nazis at the Nuremberg Trials. The son of Nikita Khrushchev, Sergio Khrushchev (who became a U.S. citizen several years ago), said on the *Larry King Show*, "Sure, you win [sic] the Cold War." And there is the verdict of Aleksandr Solzhenitsyn: "The Cold War was essentially won by Ronald Reagan when he embarked on the Star Wars program and the Soviet Union understood that it could not take this next step" (*New Yorker*, February 14, 1994). Of course, it is also luminously clear to the Baltic peoples and the peoples of Central Europe who won the Cold War.

Probably the most atrocious distortion of Cold War history was the $15 million, 24-part television documentary produced in 1999 for CNN — under the direction of then-owner Ted Turner, the billionaire super-liberal of liberals — primarily directed at the nation's schoolchildren. Its theme? America and the USSR had behaved like two equally demented gorillas threatening the world with a nuclear-tipped Armageddon. Leebaert rejects such a moral-equivalence approach, the notion that "the superpowers were each evil in their own ways." As to the attacks against those Hollywood personalities who "named names," would they have been attacked, asks Leebaert, had they been exposing American Nazi party members? The Turner film confirmed something the great Austrian economist Joseph Schumpeter once said: "Selective information, if in itself correct, is an attempt to lie by speaking the truth."

The attacks blaming the United States for the Cold War began in the late 1960s and 1970s, led by revisionist historians like William Appleman Williams, D.F. Fleming, Gar Alperowitz, Diane Shaver Clemens, Lloyd C. Gardner, Gabriel Kolko, and, in an earlier incarnation, David Horowitz. But Robert James Maddox, in his *The New Left and the Origins of the Cold War* (Princeton University Press, 1973), effectively demolished this revisionist school. Maddox charged "that these books *without exception* are based upon pervasive misusages of the source materials."

I HAVE GONE into this elaborate detail to indicate the Sisyphean labor that Leebaert has undertaken laudably, especially his daring to indicate via subtitle that America had indeed achieved a "Cold War victory." Where I fault the author is his dubious argument about the price the U.S. paid for this victory. What would have been the price of defeat? All victories have a price — as do all defeats — whether on the battlefield or in a legislature. And all military victories have in hindsight contained errors, huge errors even, but not sufficiently huge to have led to defeat. Should the American-led coalition have marched on Baghdad and, unworried about his successor, driven Saddam Hussein into

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a grave or exile? What a monumental error that was — or was it?

Leebaert errs further when he writes that "[r]eaction against Communist penetration probably contributed to the decline of American labor unions." And if the Communist unions had not been expelled from the CIO? One might say that the decline would have been even greater. He adds that the expulsions "meant further delay in addressing racial discrimination, since the leftist unions had been leading the integration of American labor." This finding will be news to the United Auto Workers; Walter Reuther, UAW's one-time anti-Communist president, and other anti-Communist CIO leaders were fighting for civil rights when the "leftist" unions, under Moscow direction, were opposing the civil rights fight because Stalin believed such a struggle could disrupt the war effort.

Despite portentous and metaphysical language, Leebaert's history has many virtues — even though there are times when, in an attempt to appease the unappeasable mainstream historians, he lapses into political correctness, to wit: "For the United States, the price of victory goes far beyond the dollars spent on warheads, foreign aid, soldiers, propaganda, and intelligence. It includes, for instance, time wasted, talent misdirected, secrecy imposed, and confidence impaired. . . . Trade was distorted and growth impeded. . . . Ultimately, the cost of America's effort was felt as a waste of spirit."

Could not such a finding apply to the price of victory in World War II? Paragraphs like this one are strewn around *The Fifty-Year Wound* and they make the author's conclusion, that the Cold War struggle was "worthwhile," seem jejune. What the book lacks is a deep understanding of the meaning of the Cold War, an understanding best expressed by Diana Trilling when, in her essay on the J. Robert Oppenheimer affair, she wrote that "a staunch anti-Communism was the great moral-political imperative of our epoch." It was a struggle against what Vaclav Havel, today president of the Czech Republic, called "the culture of the lie."

There is one blooper that ought to be caught in Professor Leebaert's next edition. The author writes that Arthur Koestler, author of *Darkness At Noon*, was barred from entering the United States along with Yves Montand. I don't know about the French actor but Koestler was not barred from this country. How do I know that? I was his personal assistant when he came to America in 1949 and delivered a lecture to a full house at Carnegie Hall, as a fundraiser for the International Rescue Committee, and then toured the country.

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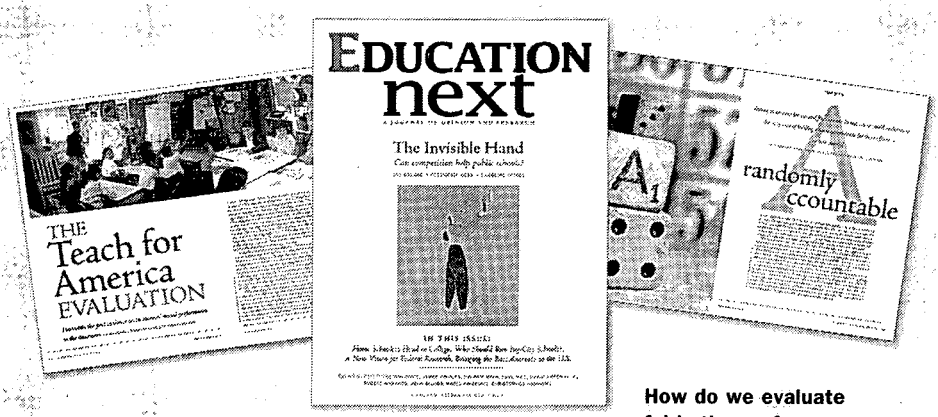

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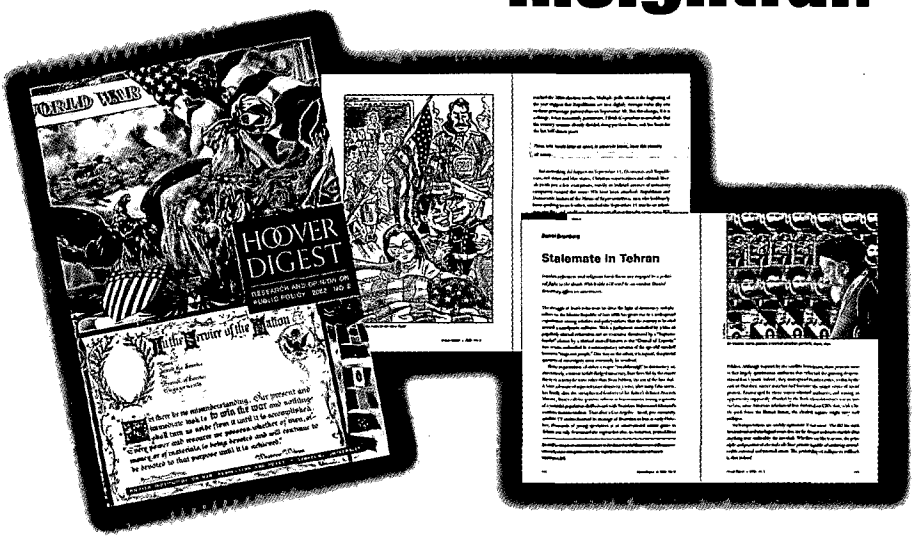

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